Breckland Council

Statements of Accounts

2010/11




a better place, a brighter future

Breckland

COUNCIL

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The Statements of Accounts

The Council's accounts for 2010-11 have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom. The purpose of the Statements of Accounts is to give interested parties clear information about the authority's finances.

The accounts consist of the following statements: -

The movement in reserves statement **-** this statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus (or Deficit) on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

The comprehensive income and expenditure statement **-** this statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

The Balance Sheet **-** which shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves (i.e. those that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use). The second category of reserves are unusable reserves which are those that the authority is not able to use to provide services. This category includes reserves that hold unrealised gains and losses, where amounts would only become available if the assets are sold; and reserves which hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

The Cash Flow Statement – which shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

The Commercial Property Trading Account - which shows the income and expenditure on industrial and certain other commercial properties held by the Council within the District.

The Collection Fund - this account reflects the statutory requirement contained in Section 89 of the Local Government Finance Act 1988 (amended by Local Government Finance Act 1992) for billing authorities to establish and maintain a separate fund for the collection and distribution of amounts due in relation to Council Tax and National Non-Domestic Rates. Breckland collects council tax on behalf of Norfolk County Council, Norfolk Police Authority and towns and parishes, and redistributes the precepts to these authorities. The balance on the Collection Fund is shared proportionately between Norfolk County Council, Norfolk Police Authority and Breckland Council.

The Group Accounts – show the accounts for the Council including it's share of interests in subsidiaries, associates and joint ventures.

The Annual Governance Statement – sets out the Council's approach to corporate governance and how it manages its governance arrangements in accordance with the Code of Governance.

The accounts are supported by the notes to the financial statements. These notes include a summary of significant accounting policies, further detail relating to items in the main financial statements, assumptions made about the future and major estimations made.

This Foreword provides a brief explanation of the Council's overall financial position and some key messages and aims to assist the readers in the interpretation of the accounting statement, including the Group Accounts.

District Profile

Introduction

Breckland District covers an area of 1,305 sq kilometres and is one of the largest rural districts in England. Nestled on the Norfolk/Suffolk border and covering much of the South, West and central parts of Norfolk, Breckland is centred round the five market towns of Attleborough, Dereham, Swaffham, Thetford and Watton. The largest of these is Thetford with a population of over 24,500 and the smallest are Watton and Swaffham, with a population of just over 7,000 each. There are 107 Parish Councils, some covering more than one parish and just under two thirds of these have fewer than 500 residents.

Much of the land in Breckland is given over to agriculture and large open spaces of heath land, known as the Brecks, from which the district gets its name. The distinctive landscapes of natural habitat are of national and international importance. The climate combined with the soil conditions of sandy soil, chalk and flint, supports outstanding wildlife and plants. The area encompasses ancient heath lands and lowland pine forest, most of which have public access.

Population

The District's population is growing rapidly; the population is 129,940 (according to the latest population figures) and is estimated to grow by a further 12,860 by 2018, which is an increase of 10% compared to the national average of 7% over the same time period.

Employment

Retail, distribution, catering, farming and manufacturing are key economic activities in the Breckland area and for much of the last decade some of these sectors have been in decline. Some of the wards are the most deprived in the region and there is a relatively large proportion of young people, particularly in Thetford, entering the job market. To respond to these trends the Council's regeneration and economic activity has a focus on attracting high value technology and skilled employment opportunities.

Council Priorities and Corporate Plan

Our vision is to make Breckland *'A Better Place with a Brighter Future'*. The Council has a strategic business plan covering 2008 – 2014 and each year an annual delivery plan is drawn up to cover the actions for the next year. The business plan shows what the Council will do to meet the needs and aspirations of residents. The plan sets out the Council's priorities which are:

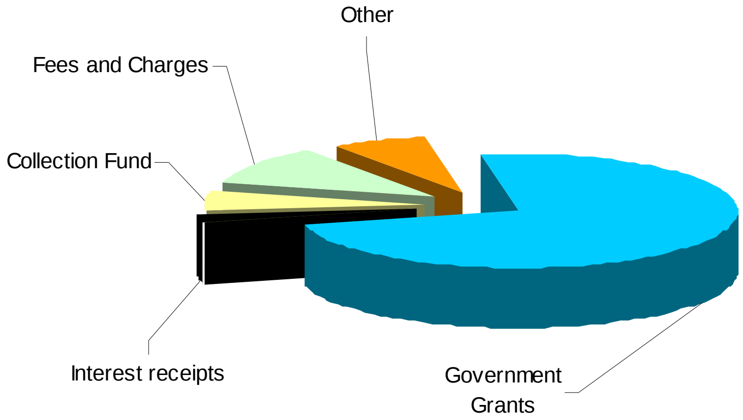
- Building safer and stronger communities
- A clean and green environment
- 'Your Council, your services' – tailored services for local people
- Building prosperous communities
- An entrepreneurial Council

The priorities define the medium term goals of the authority and as such remain relatively constant from year to year, but the actions associated with them are set annually for each financial year.

Revenue expenditure and income and the services provided

The charts below show in broad terms where the money came from, how it was spent and the services provided.

Where the money came from



	£m	%
Government Grants	58.1	74
Interest receipts	1.3	2
Collection Fund	5.1	6
Fees and Charges	8.6	11
Other	5.3	7
	78.4	**100**

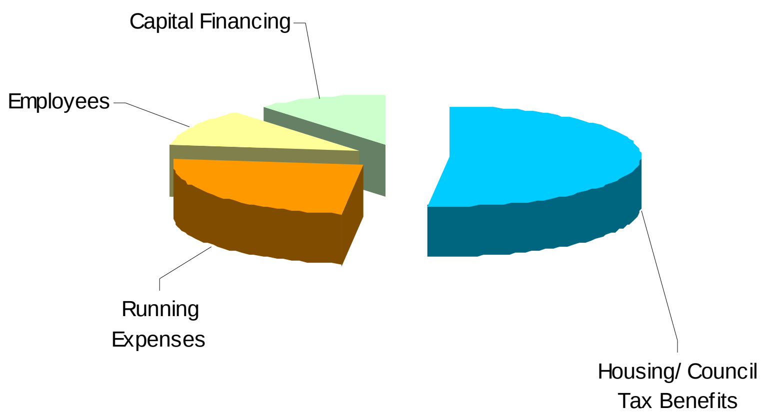
The major part of the Council's income came from taxpayers through Government Grants. These amounted to £58.1 million in 2010-11, and comprised the following: -

	£
Revenue Support Grant	1.4m
National Non-Domestic Rate Pool	9.9m
Housing Benefit Subsidy	41.8m
Other Government Grants	5.0m

Collection Fund income of £5.1m is the income received from taxpayers through the Council Tax levied by the Council for Breckland and the parishes.

Another major source of income was interest earned on the Council’s cash deposits. The net capital receipt received from the Housing Stock Transfer and other asset sales remains a significant balance for investment in the money markets. However the recent fall in interest rates has impacted on the level of interest income received and this figure is therefore lower than in previous years. This interest is used to support the revenue budgets.

How the money was spent



	£m	%
Housing/ Council Tax Benefits	40.4	52
Running Expenses	19.6	25
Employees	9.8	12
Capital Financing	8.6	11
	78.4	**100**

Employees expenditure includes costs relating to:

- Staffing – such as salaries, pensions, additional staff, professional subscriptions and similar costs.

Running expenses includes costs relating to:

- Premises – such as rents, rates, electricity, water and similar
- Transport – such as cars, fares and similar
- Supplies and services – such as equipment, telephones, hired services and similar
- Contract payments for services provided by external contractors (i.e. waste collection, leisure, etc)

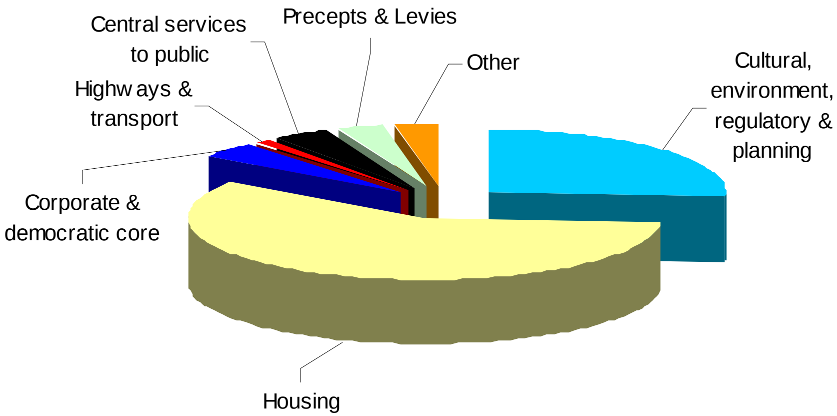
Capital financing includes costs relating to:

- Capital expenditure – such as depreciation of assets and similar costs.

Housing/Council Tax benefits only includes costs relating to the actual benefits provided, it does not include any staffing or other related costs. These benefits are funded from Government grants as can be seen from the *"where the money came from"* graph.

Transparency
The Government's transparency agenda encourages local authorities to make public data openly available. Details of the Council's spend on items over £500 and senior management salaries can be found on the *"Finance"* page of our website **http://www.breckland.gov.uk/category/department/finance**.

And the services it provides



	£m	%
Cultural, environment, regulatory & planning	20.1	26
Housing	46.6	59
Corporate & democratic core	3.4	4
Highways & transport	1.2	1
Central services to public	2.8	4
Precepts & Levies	2.3	3
Other	2	3
	78.4	**100**

The table below shows the types of services which are included within each service area shown in the graph above:

Cultural, environment, regulatory & planning	**Housing**	**Corporate & democratic core**	**Highways and transport**	**Central services to the public**	**Precepts and levies**
Street cleaning Waste collection Environmental services Parks & open spaces Asset management Economic development Planning/Building control Leisure Community safety Community development Environmental health Licensing Customer service centres	Housing benefits Travellers Housing advice Homelessness Hostels Strategic housing	Communications Consultation Corporate management Marketing Corporate policy Performance Member services Treasury services	Car parks Public lighting Grass cutting Community transport Roads & footpaths	Voluntary sector Council tax Non domestic rates Emergency planning Land charges Elections	Parish precepts Drainage boards

Comprehensive Income and Expenditure Statement

	2010-11 Budget £'000	2010-11 Actual £'000	2010-11 Variance £'000	2009-10 Actual £'000
Expenditure on Services				
Central services to the public	1,086	**1,282**	(196)	1,065
Cultural, environmental, regulatory and planning services	10,416	**13,445**	(3,029)	10,650
Highways and transport services	1,385	**999**	386	945
Housing services	2,422	**3,460**	(1,038)	2,158
Corporate and democratic core	2,684	**2,338**	346	2,705
Non distributed costs	99	**(5,201)**	5,300	2
Cost Of Services	**18,092**	**16,323**	**1,769**	**17,525**
Other operating expenditure	2,327	**2,429**	(102)	2,855
Financing and investment income and expenditure	(1,771)	**(987)**	(784)	520
Taxation and non specific grant income	(16,845)	**(17,408)**	563	(17,018)
(Surplus)/Deficit on Provision of Services	1,803	**357**	1,446	3,882
(Surplus)/Deficit on revaluation of non current assets		**(2,094)**		(1,177)
Actuarial (gains)/losses on pension assets/liabilities		**(11,093)**		19,706
Other Comprehensive Income and Expenditure		**(13,187)**		18,529
Total Comprehensive Income and Expenditure		**(12,830)**		22,411

The Comprehensive Income and Expenditure Statement above shows the council's actual financial performance for the year, compared to the 'Original' budget (the amount originally approved when the council tax for the year was set).

The main variances between original budget and actual for 2010-11 are:

- Cultural, environmental, regulatory and planning services includes a £1,700k variance relating to the change in accounting treatment for the PFI scheme which was not reflected in the original budget (this is not a "real" variance). This line also includes a write off £658k relating to the Thetford Enterprise Park project (this is detailed further in 'significant contingencies, provisions or write offs' within this explanatory foreword).
- The Non distributed costs line includes a credit of £8,158k relating to the pension fund, resulting from the change in financial assumptions to use CPI rather than RPI. This line also includes downward valuations of surplus property plant & equipment of £2,957k.
- The Financing and investment income and expenditure variance is also mainly due to the change in accounting treatment for the PFI scheme.

Achievements and Targets

Breckland Council's Business Plan draws together the priorities of Norfolk Ambition and Breckland's Sustainable Community Strategy. These shared themes are:

- Building safer and stronger communities
- A clean and green environment
- 'Your Council, your services' – tailored services for local people
- Building prosperous communities
- An entrepreneurial Council

Some delivery highlights for the year include:

- We achieved occupancy levels in our commercial property portfolio of 95% against a target of 90%, helping to keep Council Tax levels down
- We delivered 146 affordable houses across the district against a target of 120
- We processed Housing Benefit/Council Tax Benefit new claims and change events in 5.5 days on average, a fall from 6.42 days in the previous year
- We sent 41% of household waste for reuse, recycling and composting

Additionally a number of projects have been delivered:

- We developed and delivered a new, state of the art CCTV system for the district
- Our Pride in Breckland programme encouraged an additional 70 volunteers, since it started over 700 people have volunteered to help in community projects
- In partnership with Norfolk Constabulary we have delivered a number of events and activites to help reduce anti-social behaviour and the fear of crime
- Moving Thetford Forward has continued to deliver large capital projects alongside smaller community schemes during the last year. The Haling Path has been reconstructed and reopened to the public. Community projects such as the Homework Hub has given children access to laptops in an environment conducive to learning which they would otherwise not have available to them.

Current Economic Climate

The Council began 2010-11 needing to find an efficiency saving of £168k to balance the budget, it achieved this target and managed to increase reserves by £278k to provide some protection from future cuts. The Comprehensive Spending Review (CSR) in 2010 prepared local authorities for unprecedented cuts in central government funding and it also introduced a grant to assist councils in freezing council tax for 2011-12. The settlement is only a two year settlement with no indication of funding in years 3 and 4, however further cuts are anticipated in both of these years.

The settlement figure for 2011-12 reduced by £1,790k when compared to 2010-11 with a further reduction of £1,156k expected for 2012-13 and then further cash reductions expected in years 3 and 4. The actual settlement levels for these years are shown in the table below.

	2010-11	**2011-12**	**2012-13**
Settlement Amount (£)	11,309,066	9,519,608	8,363,246
Reduction on Previous Year (£)	-	(1,789,458)	(1,156,362)

The Council has taken measures within the year 2010-11 to reduce revenue expenditure and has succeeded in producing a balanced budget for 2011-12 with no impact to front-line services, despite the reduced level of grant. It has achieved this by introducing the following initiatives:

- Expansion of the revenues and benefits partnership to introduce a new partner from 1 April 2011
- Bringing the ICT function back in house to save on contract costs and to provide more flexibility in future with partnership working
- Sharing a Chief Executive with South Holland District Council
- Introduction of a shared management team with South Holland District Council from 1 April 2011
- Acquisition of commercial properties that generate revenue streams in excess of what could be earned from the money markets
- Reviewing staff vacancies when they arise and reorganising work to accommodate lower resource levels

The Council has recognised that the further reductions to funding in 2012-13 and future years is a key challenge to the authority and this will require a more fundamental review of the services and the way the authority organises them. All options for transformation of services, collaborative working with others, more effective working and procurement will be considered by the Council and work is already underway in these areas.

The current level of reserves held by the Council is considered adequate to withstand current pressures, but it would not be financially sustainable to rely on these reserves to continue to fund the reduction in Central Government Settlement.

The general economic conditions have led to reductions in the value of some property assets held by the Council. Further details are contained in the notes to the accounts.

Reserves and Balances

Reserves and balances increased by £12,830k during the year. Major increases and (decreases) in reserves balances included:

	£'000
o Revaluation reserve	2,037
o Pensions reserve	18,376
o Capital Adjustment Account	(5,084)
o Capital Receipts	(2,125)

The value shown for the pensions reserve is a decrease in the deficit. Further information on reserves can be found within the notes section (notes 3, 25 & 26).

The table below shows the level of investments held by the Council which are used to fund day to day cash flow requirements, achieve a return on investments to help support the low levels of Council Tax, support the reserves expenditure and to fund capital expenditure. The table also shows the level of the PFI liability.

	2010-11 £'000	2009-10 £'000	Change £'000
Long Term Investments	4,168	7,620	(3,452)
Short Term Investments	19,050	16,878	2,172
Cash & Cash Equivalents	9,024	7,009	2,015
PFI Liability	(9,819)	(9,970)	151
Total	**22,423**	**21,537**	**886**

The Council's overall Capital Financing Requirement (CFR) which details the Council's underlying need to borrow can be found at note 35.

Council Tax Collection

The collectable amount for 2010-11 Council Tax was £53m and the Council achieved a collection rate of 98.1% for the year. The remaining arrears will continue to be collected during 2011-12.

Commercial Property Trading Account

There was a surplus of £1,482k on trading operations after adjusting for the impairment charge on property revaluations. A contribution of £1,918k was made from the Commercial Property Reserve to the general fund.

Accounting Changes

The Statements of Accounts for 2010-11 are the first to be prepared on an International Financial Reporting Standards (IFRS) basis as opposed to UK GAAP. Adoption of the IFRS based Code has resulted in the re-statement of various balances and transactions, with the result that some amounts presented in these financial statements are different from the equivalent figures presented in the Statements of Accounts for 2009-10. Note 44 details these differences.

Material and Unusual charges or credits within the statement

In October 2008 the Icelandic banking sector defaulted on its obligations and the Icelandic banks Landsbanki, Kaupthing and Glitnir collapsed and the UK subsidiaries of the banks, Heritable and Kaupthing Singer and Friedlander went into administration. At this time the Council had £12.0m invested across three of these institutions. In accordance with accounting practice, the Council has been notified of objective evidence that impairment has occurred and the investments were impaired by £3,883k according to accounting requirements in 2009-10. Further information received during 2010-11 has resulted in an improved estimate of the recovery rates and therefore £343k of this original impairment has been reversed and credited to the Comprehensive Income & Expenditure Statement in 2010-11 (Financing and Investment Income and Expenditure line) along with £448k of interest receivable.

The pension liability has improved significantly in 2010-11 and the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement shows a credit of £8,158k which is principally due to the fact that pension increases are being linked to CPI rather than RPI from June 2010. Further details on the Pension Fund are given later in this Foreword.

The Collection Fund

The balance on the Collection Fund at 31st March 2011 showed a £573k surplus. The element of this relating to Council Tax will be shared between Norfolk County Council, Norfolk Police Authority and Breckland Council in proportion with each authority's relative precept. This will be taken into account when setting the Council Tax for 2012-13.

Group Accounts

The Code of Practice on Local Authority Accounting requires local authorities with interests in subsidiaries, associates and joint ventures to prepare Group Accounts in addition to their single entity financial statements. A review of the Council's relationships with other bodies is carried out each year to consider whether it is appropriate to prepare group accounts. The Council has an interest in Anglia Revenues Partnership (ARP) Trading Ltd and this is consolidated into the Group Accounts Statements as a Joint Venture.

Accounting Policies

The accounting policies adopted by the Authority comply with recommended accounting practices and are set out in note 1.

Pension Fund

The accounts and notes with relation to the pension fund have been prepared in accordance with International Accounting Standard (IAS) 19.

The Pension Fund liability shown in the Balance Sheet as at 31st March 2011 stands at £17,791k compared with £36,167k the previous year. This represents the liability to the Norfolk Pension Fund. This amount is matched by a pension reserve also shown in the Balance Sheet and therefore has no impact on the Council's overall financial position at 31st March 2011. The IAS 19 balance sheet position for the Council has improved in 2010-11 and the IAS 19 pension deficit is smaller in monetary terms at 31st March 2011. This is principally due to the fact that the financial assumptions at 31 March 2011 are more favourable than they were at 31 March 2010, and that pension increases are being linked to CPI rather than RPI from June 2010. The actuary uses a set of demographic assumptions that are consistent with those used for the Norfolk Pension Fund. These are highlighted in note 11.

Capital

An analysis of non-current assets and funding of the capital expenditure is shown in notes 12, 13, 14 and 20. As a debt-free authority Breckland does not plan to borrow to finance its capital programme.

During the year the Council had the following major non-current asset acquisitions and disposals:

- Acquisition of an investment property in Thetford totalling £3.7m, to be used to generate rental income.
- Re-building of the Council's Homeless Hostel in Thetford totalling £1.3m.
- Disposal of an investment property in Attleborough totalling £0.6m.

Current borrowing facilities

As at 31st March 2011 the Authority had no outstanding borrowing.

Major changes in statutory functions

During the year the Authority forged closer links with South Holland District Council, initially sharing the Chief Executive in a joint role. The two authorities subsequently developed an innovative proposal for a shared senior management team, and implemented its new structure on 1st April 2011. Despite the commitment to sharing a management team the two councils will continue to exercise independent democratically accountable local government in their respective areas, each having its own governance arrangements. The two councils are expecting to share in excess of £700,000 revenue savings per annum from this arrangement.

The year ended 31st March 2011 was the final year that Breckland Council administered the English National Concessionary Travel Scheme in its district. Responsibility for managing the scheme across Norfolk will pass to Norfolk County Council from 1st April 2011. This means that the costs of issuing passes and paying the concessions to the bus operators also passes to the county along with grant that central government issues to help cover these costs.

Material Assets or Liabilities

Material assets acquired by the Council within the year are detailed in the Capital section of this explanatory foreword.
There were no material liabilities incurred during the year.

Significant Provisions, Contingencies or Write-Offs

Previously funding was released to enable the Thetford Enterprise Park (TEP) project to proceed, subject to due diligence. The funding included an allowance in respect of pre-incurred costs which were eligible to be recovered or capitalised through the project if it proceeded. The 2009-10 statement of accounts recognised the risk of not being able to recover these costs should the project not proceed. During 2010-11 events have resulted in Breckland and the Agents for The Crown Estates no longer working in collaboration to deliver TEP and therefore the pre-incurred costs of £658k have been written off to the General Fund.

There were no other significant provisions, contingencies or write offs during the year, full details on provisions and contingencies can be found at note 22.

Material Events After the Reporting Date

Note 41 details any material events which occurred after the reporting date.

The Council's Responsibilities

The Council is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council in 2010-11 that officer was the Head of Finance.
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- to approve the Statements of Accounts.

The Chief Financial Officer's Responsibilities

The Chief Financial Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

In preparing these Statements of Accounts, the Chief Financial Officer has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the local authority Code

The Chief Financial Officer has also:

- kept proper accounting records, which were up to date
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

The Chief Financial Officer should sign and date the Statements of Accounts, stating that they provide a true and fair view of the financial position of the Council at the reporting date and of its income and expenditure for the year ended 31st March 2011.

Movement in Reserves Statement

	General Fund Balance £'000	Ear-marked GF Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Un-applied £'000	Total Usable Reserves £'000	Un-usable Reserves £'000	Total Reserves £'000	Notes
Balance as at 1 April 2009	5,164	7,355	4,790	335	17,644	46,385	64,029	
Surplus/(Deficit) on the provision of services	(3,882)	-	-	-	(3,882)	-	(3,882)	
Surplus/(Deficit) on revaluation of fixed assets	-	-	-	-	-	1,177	1,177	
Actuarial gains/(losses) on pension assets/liabilities	-	-	-	-	-	(19,706)	(19,706)	
Comprehensive Income and Expenditure	(3,882)	-	-	-	(3,882)	(18,529)	(22,411)	
Adjustments between accounting basis & funding basis under regulations	4,072	-	(2,665)	(283)	1,124	(1,128)	(4)	2
Net increase/(decrease) before transfers to Earmarked Reserves	190	-	(2,665)	(283)	(2,758)	(19,657)	(22,415)	
Transfers (to)/from Earmarked Reserves	(536)	504	-	-	(32)	32	-	3
Increase/(decrease) for year	(346)	504	(2,665)	(283)	(2,790)	(19,625)	(22,415)	
Balance as at 31 March 2010	4,818	7,859	2,125	52	14,854	26,760	41,614	
Balance as at 1 April 2010	**4,818**	**7,859**	**2,125**	**52**	**14,854**	**26,760**	**41,614**	
Surplus/(Deficit) on the provision of services	(357)	-	-	-	(357)	-	(357)	
Surplus/(Deficit) on revaluation of fixed assets	-	-	-	-	-	2,094	2,094	
Actuarial gains/(losses) on pension assets/liabilities	-	-	-	-	-	11,093	11,093	
Comprehensive Income and Expenditure	**(357)**	**-**	**-**	**-**	**(357)**	**13,187**	**12,830**	
Adjustments between accounting basis & funding basis under regulations	30	-	(2,125)	(45)	(2,140)	2,140	-	2
Net increase/(decrease) before transfers to Earmarked Reserves	**(327)**	**-**	**(2,125)**	**(45)**	**(2,497)**	**15,327**	**12,830**	
Transfers (to)/from Earmarked Reserves	(411)	418	-	(7)	-	-	-	3
Increase/(decrease) for year	**(738)**	**418**	**(2,125)**	**(52)**	**(2,497)**	**15,327**	**12,830**	
Balance as at 31 March 2011	**4,080**	**8,277**	**-**	**-**	**12,357**	**42,087**	**54,444**	

Comprehensive Income and Expenditure Statement

	Gross Expenditure 2010-11 £'000	Gross Income 2010-11 £'000	Net Expenditure 2010-11 £'000	Gross Expenditure 2009-10 £'000	Gross Income 2009-10 £'000	Net Expenditure 2009-10 £'000	Note
Expenditure on Services							
Central services to the public	**2,753**	**(1,471)**	**1,282**	2,698	(1,633)	1,065	
Cultural, environmental, regulatory and planning services	**20,067**	**(6,622)**	**13,445**	15,798	(5,148)	10,650	
Highways and transport services	**1,252**	**(253)**	**999**	1,393	(448)	945	
Housing services	**46,595**	**(43,135)**	**3,460**	41,676	(39,518)	2,158	
Corporate and democratic core	**3,391**	**(1,053)**	**2,338**	3,239	(534)	2,705	
Non distributed costs	**2,957**	**(8,158)**	**(5,201)**	2	(-)	2	
Cost of Services	**77,015**	**(60,692)**	**16,323**	64,806	(47,281)	17,525	4
Other operating expenditure	**2,429**	**(-)**	**2,429**	2,855	(-)	2,855	5
Financing and investment income and expenditure	**5,860**	**(6,847)**	**(987)**	6,386	(5,866)	520	6&7
Taxation and non specific grant income	**-**	**(17,408)**	**(17,408)**	-	(17,018)	(17,018)	8
(**Surplus)/Deficit on Provision of Services**	**85,304**	**(84,947)**	**357**	74,047	(70,165)	3,882	9
(Surplus)/Deficit on revaluation of PPE assets			**(2,094)**			(1,177)	10
Actuarial (gains)/losses on pension assets/liabilities			**(11,093)**			19,706	11
Other Comprehensive Income and Expenditure			**(13,187)**			18,529	
Total Comprehensive Income and Expenditure			**(12,830)**			22,411	

BALANCE SHEET

Balance Sheet

	31 March 2011		31 March 2010		1 April 2009		Notes
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	
Non Current Assets							
Property Plant and Equipment	**29,770**		30,941		30,581		12
Investment Property	**20,735**		22,097		21,109		13
Intangible Assets	**269**		227		120		14
Total Non Current Assets		**50,774**		53,265		51,810	
Long-term investments		**4,280**		7,831		7,136	15
Long term debtors		**5,699**		5,411		5,185	16
Total long-term assets		**60,753**		66,507		64,131	
Current Assets							
Short-term investments	**19,050**		16,879		20,198		17
Short-term debtors	**6,463**		12,570		9,753		18
Cash and cash equivalents	**9,024**		7,008		6,182		19
Assets held for sale	**975**		-		-		20
Total Current Assets		**35,512**		36,457		36,133	
Total Assets		**96,265**		102,964		100,264	
Current Liabilities							
Cash and cash equivalents	**(-)**		(-)		-		19
Short-term creditors	**(11,865)**		(12,280)		(8,522)		21
Provisions	**(297)**		(1,270)		(25)		22
Total Current Liabilities		**(12,162)**		(13,550)		(8,547)	
Total Assets less Current Liabilities		**84,103**		89,414		91,717	
Long Term Liabilities							
Long-term creditors	**(-)**		(-)		(-)		
Provisions	**(-)**		(-)		(-)		22
Other long-term liabilities	**(27,451)**		(45,986)		(25,818)		23
Capital grants receipts in advance	**(2,208)**		(1,814)		(1,870)		24
Total Long-term Liabilities		**(29,659)**		(47,800)		(27,688)	
Net Assets		**54,444**		41,614		64,029	
Financed By:-							
Usable reserves		**(12,357)**		(14,854)		(17,644)	25
Un-usable reserves		**(42,087)**		(26,760)		(46,385)	26
Total Net Worth		**(54,444)**		(41,614)		(64,029)	

BALANCE SHEET

I certify that the statements of accounts on pages 15 to 91 present a true and fair view of the financial position of Breckland Council as at 31st March 2011 and its income and expenditure for the year then ended.

Chief Finance Officer:

Date:

Cash Flow Statement

	2010-11		2009-10		Notes
	£'000	£'000	£'000	£'000	
Net (surplus) or deficit on the provision of services	**357**		3,882		
Adjust net surplus or deficit on the provision of services for non-cash movements	**(31,298)**		(94,192)		
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	**29,459**		87,554		
Net Cash Flows from Operating Activities		**(1,482)**		(2,756)	45
Net Cash Flow from Investing Activities		**1,423**		965	45
Net Cash Flows from Financing Activities		**(1,957)**		965	45
Net (Increase)/Decrease in Cash and Cash Equivalents		**(2,016)**		(826)	
Cash and cash equivalents at the beginning of the reporting period		**7,008**		6,182	
Cash and cash equivalents at the end of the reporting period		**9,024**		7,008	19

Note 1 – Accounting Policies

General Principles

The Statements of Accounts summarises the Council's transactions for the 2010-11 financial year and its position at the year end of 31st March 2011. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2003, which those Regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 and the Best Value Accounting Code of Practice 2010/11, supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

In preparing the Statements of Accounts the Council has regard to the accounting principles within the Code (detailed below) in order to ensure that the accounts present a true and fair view of it's financial position and performance.

- **Relevance** – The objective of financial statements is to provide information about an authority's financial performance and position, performance and cash flows that is useful for assessing the stewardship of public funds and for making economic decisions.
- **Reliability** – Financial information is reliable if it can be depended on to represent faithfully what it either purports to represent or what it can be reasonably expected to represent and therefore reflects the substance of the transactions and other events that have taken place and is prudently prepared and is free from deliberate, systematic or material error and is free from bias and is complete within the bounds of materiality and cost.
- **Comparability** – The information in the accounts is more useful if it can be compared with similar information for another period or point in time and with similar information about other entities. This depends upon consistency and adequate disclosure in the application of accounting policies.
- **Understandability** – The accounting principles on which the Code is based include accounting concepts, treatments and terminology which require reasonable knowledge of accounting and local government, and reasonable diligence in reading the financial statements if they are to be properly understood. However all reasonable efforts have been taken in the preparation of these accounts to ensure they are as easy to understand as possible.
- **Materiality** – Strict compliance with the Code, as to both disclosure and accounting principles, is not necessary where the amounts involved are not material to the true and fair view of the financial position and transactions of the authority and to the understanding of the accounts by a reader.
- **Accruals** – The accruals basis of accounting requires the non-cash effects of transactions to be reflected in the financial statements for the accounting period in which those effects are experienced and not in the period in which any cash is received or paid.
- **Going Concern** – A local authority's Statement of Accounts should be prepared on a going concern basis; that is, the accounts should be prepared on the assumption that the authority will continue in operational existence for the foreseeable future. This means in particular that the Income and Expenditure Accounts and Balance Sheet assume no intention to curtail significantly the scale of the operation.
- **Primary of legislative requirements** – Local authorities derive their powers from statute and their financial and accounting framework is closely controlled by primary and secondary legislation. To the extent that treatments are prescribed by law the accounting concepts outlined above may not apply in all cases. It is a fundamental principle of local authority accounting that, where specific legislative requirements and accounting principles conflict, legislative requirements shall apply.

Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Works are charged as expenditure when they are completed, before which they are carried as assets under construction on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income or expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that are instant access and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the real cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service;
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off; and
- Amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement. Whilst the Council does not have an overall borrowing

requirement, there is an amount implicit in the PFI repayment relating to Minimum Revenue Provision (MRP). An adjusting transaction between the Capital Adjustment Account and the Movement in Reserves Statement reverses out the amount charged so that there is no impact on the level of Council Tax.

Collection Fund

This account is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution of council tax and non-domestic rates to local authorities and the Government.

An allowance for the impairment of debt is calculated for the Collection fund using the following bases:

- Council Tax – For the current year a percentage is set based on the un-collectable amount over the life of the debt and is applied to the total Council Tax income less that paid through council tax benefits. For previous years an un-collectable percentage is applied to the debt outstanding for each year based on the age of that debt.
- NNDR – This is based on the "losses in reduction" figure from the NNDR 3 return.

Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as salaries, paid annual leave and bonuses for current employees and are recognised as an expense for services in the year in which employees render services to the Council. An accrual is made for the cost of holiday entitlements (or any other form of leave) earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the budgeted average salary rates applicable in the following accounting year, being the period which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the Net Cost of Services in the Comprehensive Income and Expenditure Statement when the council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

It is not the Council's policy to enhance pensions.

Post Employment Benefits

Employees of the Council are members of the Local Government Pension Scheme (LGPS), administered by Norfolk County Council, which provides defined benefits to members (retirement lump sums and pensions), earned as employees work for the Council. It is accounted for as a defined benefits scheme:

- The liabilities of the pension scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc and projections of projected earnings for current employees.

- Liabilities are discounted to their value at current prices, using a discount rate of 5.5% based on the indicative rate of return on high quality corporate bonds.
- The assets of the Norfolk County Council pension fund attributable to the Council are included in the Balance Sheet at their bid value.
- The change in the net pensions liability is analysed into seven components:
    - Current Service Cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
    - Past Service Cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
    - Interest Cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
    - Expected Return on Assets – the annual investment return on the fund assets attributable to the Council, based on the average of the expected long term return – credited to Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
    - Gains/ Losses on Settlements and Curtailments – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
    - Actuarial Gains and Losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve
    - Contributions paid to the Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Estimation Techniques

Where estimated figures have been used in the accounts (for example, in the preparation of Pension Fund liabilities) the assumptions have been stated either in the relevant notes to the accounts or in note 40 *Assumptions made about the future and other major sources of estimation uncertainty*.

Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statements of Accounts are authorised for issue. Two types of event can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statements of Accounts are adjusted to reflect such events
- Those that are indicative of conditions that arose after the reporting period – the Statements of accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statements of Accounts.

Exceptional Items and Prior Period Adjustments

There have been no exceptional items or prior period adjustments in 2010-11.

Financial Instruments

Financial Liabilities
The policy for any financial liabilities the Council holds which are classed as leases or PFI are detailed within the policy for that classification. The Council, does not currently hold any other borrowing.

Financial Assets
Financial assets are classified into two types:

- Loans and Receivables – Assets that have fixed or determinable payments but are not quoted in an active market.
- Available for Sale Assets – Assets that have a quoted market price and/or do not have fixed or determinable payments.

The Council's current investments are treated as loans and receivables and are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and subsequently measured at their amortised cost. Annual credits for interest receivable are made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, based on the carrying amount of the investment/asset multiplied by the effective rate of interest for the instrument.

Where investments/assets are identified as impaired because of a likelihood arising from a past event that payments due under a contract will not be made, the investment/asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the original investment's/asset's effective interest rate.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that;

- the Council will comply with the conditions attached to the payments and
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied (conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor).

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (for attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (for non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Certain grants are general grants allocated by central government directly to local authorities as revenue funding, these are non-ringfenced and are credited to Taxation and Non-Specific Grant Income in the Comprehensive Income and Expenditure Statement. Details of these grants can be found in note 24 *Grant Income*.

Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (i.e. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council for more than one financial year.

Intangible assets are initially measured at cost and are carried at amortised cost. The depreciable amount of the intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any disposal proceeds greater than £10,000) the Capital Receipts Reserve.

Interest in Companies and Other Entities

The Anglia Revenues Partnership Joint Committee was setup to deliver the Housing Benefit, Council Tax and Business Rates services for Breckland Council and Forest Heath District Council, with East Cambridgeshire District Council subsequently joining the partnership. The partnership involves the authorities coming together to fulfil a joint purpose but it does not constitute a legal entity in it's own right. It is accounted for in the respective authorities Statement of Accounts as a 'Joint Arrangement not an Entity.' This requires the authority's share of partnership transactions and balances to be included within the relevant lines within the accounts.

The Anglia Revenues Partnership Trading Ltd was set up in 2006 to deliver revenue and benefits services for other local authorities. The main business of the entity in 2010-11 was the provision of Breckland Council's housing register contract and the provision of revenues and benefits services at a local authority. The transactions relating to these activities are reflected in note 31 on Related Party Transactions. This arrangement is a legal entity conducted under joint control with 50:50 voting rights and financial share 66:34 between Breckland Council and Forest Heath District Council respectively. It is accounted for in the respective authority's group accounts statements as a Joint Venture (in accordance with IAS 31) using the equity method.
The financial statements of ARP Trading Ltd have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007) and therefore not under IFRS. There are no significant differences in the accounting policies of ARP Trading Ltd and Breckland Council that would cause a material adjustment in the consolidation of the Group Accounts. However, this consolidation is carried out based on the draft ARP Trading statement of accounts and is prepared on an IAS 19 basis, however it is understood that ARP Trading Ltd is likely to approve their accounts on a non IAS 19 basis.

International Financial Reporting Standards (IFRS)

The Statements of Accounts for 2010-11 are the first to be prepared on an IFRS basis as opposed to UK GAAP. Adoption of the IFRS based Code has resulted in the re-statement of various balances and transactions, with the result that some amounts presented in these financial statements are different from the equivalent figures presented in the Statements of Accounts for 2009-10. Note 44 details these differences.

Inventories and Work in Progress

The Council carries negligible levels of consumable inventories. These are charged to the services when purchased. It is not considered appropriate to identify these inventories on the Balance Sheet at the year end as their value is not material.

Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are revalued annually according to market conditions. Gains and losses on revaluation are posted to the net finance expenditure or income line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the 'Surplus/Deficit on trading undertakings not included in Cost of Services' line and result in a gain for the General Fund balance. However revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any disposal proceeds greater than £10,000) the Capital Receipts Reserve.

Where part of an investment property is replaced (i.e. subsequent capital expenditure), the carrying amounts of the parts replaced are de-recognised and the cost of replacement is recognised in the carrying value of the property.

Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Authority as Lessee
Operating Leases - Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the service(s) benefiting from use of the leased property, plant or equipment. Charges are made on a straight line basis over the life of the lease.

Authority as Lessor
Operating Leases – Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to relevant line in the Comprehensive Income and Expenditure Statement (i.e. Surplus/Deficit on trading undertakings). Credits are made on a straight line basis over the life of the lease.

Finance leases – Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long term debtor) asset in the Balance Sheet.
Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the asset (applied to write down the lease debtor); and
- Finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point the deferred capital receipts are transferred to the Capital Receipts Reserve.
The written-off value of disposals is not a charge against Council Tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund balance in the Movement in Reserves Statement.

Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Best Value Accounting Code of Practice (BVACOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multi functional, democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

These two cost categories are defined in BVACOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement.

Private Finance Initiative (PFI)

PFI contracts are agreements to receive services, where the responsibility for making available the non-current assets needed to provide the service passes to the PFI contractor. Breckland entered into a 33.5 year PFI contract for the provision of leisure management and facilities in December 2005. Changes to the 2009 Statement Of Recommended Practice resulted in the council re-examining its accounting treatment in the context of the International Financial Reporting Standards, and in particular under the interpretations from the International Financial Reporting Interpretations Committee and determining that the arrangement should be accounted for as a service concession arrangement within the scope of IFRIC 12.

The annual unitary payment is split between lease payments, service & revenue expenditure and asset lifecycle costs. The allocation of this unitary payment is estimated based on the terms of the payment mechanism in the PFI contract. Therefore the annual unitary charge for each facility is allocated 50% to the lease payment and the remaining 50% to cover service & revenue costs and asset lifecycle costs. The amounts are allocated between the two sites based on information in the operators' model giving a split of 55% Thetford and 45% Dereham. A mark up of 2% has been applied in order to estimate the fair value of the real maintenance and lifecycle services. This mark up has been calculated as the difference between the total real costs (as per the operator model) and 50% of the unitary charge (in real terms).

Property used under the PFI contract is recognised as an asset on the Balance Sheet, with a related liability also recognised. The fair value of the PFI assets at completion of construction was determined in reference to the construction costs disclosed in the operators' financial model. The existing buildings at the Thetford site have been included at their net book value at the relevant date. Where the property is enhanced by the PFI operator, the fair value of the enhancement is recognised in the Balance Sheet of the Council. A day 1 revaluation gain has been recorded in relation to the DV valuation carried out at 1 April 2007. Assets have been split between the Thetford and Dereham sites with the split of construction costs between the two centres being based on the assumption applied for unitary payments (55% Thetford and 45% Dereham). The assets are depreciated on a straight line basis over the useful life of the asset as estimated by the valuer.

Capital lifecycle costs are treated as a prepayment amount (allocated on a straight line basis over the contract term). When the capital improvement works are undertaken by the contractor (based on their financial model) the relevant amount of the capital expenditure will then be reclassified from prepayments to non-current assets. Assets are re-valued every 3 years as part of the Council's rolling programme of valuations and the non-current asset values are updated as necessary (in line with the Property, Plant and Equipment Policy).

Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as property, plant and equipment.

Recognition
Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment (PPE) is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.
A de-minimus level of £20,000 has been adopted for the inclusion of non-current assets in all categories with the exception of surplus land, which has no de-minimus level, vehicles and equipment which have a de-minimus level of £10,000 and grant funding received which also has no de-minimus.

Measurement
Assets are initially measured at cost, comprising; the purchase price, any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and (if applicable) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.
Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure, community assets and assets under construction – depreciated historical cost
- All other assets – fair value, determined by the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of fair value because of the specialised nature of an asset, depreciated replacement cost (DRC) is used to estimate fair value.

Assets included in the Balance sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. In practice assets are valued within a five year rolling programme. Valuations are in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by the Royal Institution of Chartered Surveyors (RICS).
Increases in valuation are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a valuation loss previously charged to a service.
Where decreases in value are identified, they are accounted for by:

- Where there is a balance of revaluation gains for an asset in the revaluation reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment
Assets are assessed each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.
Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for an asset in the revaluation reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation
Depreciation is provided for on all PPE assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land) and assets that are not yet available for use (i.e. assets under construction).
Depreciation is calculated on the following bases:

- Buildings – straight line allocation over the useful life of the property as estimated by the valuer
- Infrastructure – straight line allocation over the useful life of the property as estimated by the valuer
- Vehicles, plant, furniture and equipment – straight line method using internally assessed useful economic lives

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation which would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Componentisation
Where an item of PPE asset has major components whose cost is significant in relation to the total cost of the asset and whose useful life differs, the components are depreciated separately, unless the componentisation makes no material difference to the overall depreciation charge. The following de-minimus levels have been set for componentisation of an asset (as the values are not considered significant in relation to componentisation):

- Assets with a total cost of £100,000 or less will not be subject to componentisation
- Any components with a cost of 10% or less of the total cost of the asset will not be componentised separately

Componentisation is considered for new valuations, enhancement expenditure and acquisition expenditure carried out on or after 1 April 2010. Where a component is replaced or restored (i.e. enhancement expenditure) the carrying amount of the old component shall be de-recognised before reflecting the enhancement.
The Council recognises the following levels of components:

- Substructure
- Superstructure
- Internal services
- External works

Componentisation is not applicable to land as land is non-depreciable and is considered to have an infinite life.

Disposals and Non-Current Assets Held for Sale
When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit in the Provision of Services. Depreciation is not charged on Assets Held for Sale.
If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation or revaluations that would have been recognised had they not been classified as Assets Held for Sale, and their recoverable amount at the date of the decision not to sell.

When an asset is disposed of or de-commissioned, the carrying amount of the asset in the Balance Sheet (whether PPE or Assets Held for Sale) is written off to Other Operating Expenditure in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Any receipts from the disposal are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account. Income from the disposal of a non-current asset is accounted for on an accruals basis.

Amounts received for disposal in excess of £10,000 are categorised as capital receipts, receipts below this amount are classed as revenue income. The written-off value of disposals is not a charge against Council Tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund balance in the Movement in Reserves Statement.

Provisions and Contingent Assets/Liabilities

Provisions are made where an event has taken place that gives the Council an obligation that will probably require settlement by a transfer of economic benefits or service potential and a reliable estimate can be made of the amount of the obligation, but where the timing of the transfer is uncertain.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the authority becomes aware of the obligation, based on the best estimate at the balance sheet date of the likely settlement. When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a settlement is required (or a lower settlement than estimated is made) the provision is reversed and credited back to the relevant service.

In the event that a possible liability (or asset) arises which may require settlement by a transfer of economic benefits, but the timing and amount of the transfer is uncertain, then this will not be recognised in the Balance Sheet, but will be shown in a note to the accounts as a contingent asset or liability.

Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in the year and is therefore included in the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement and employee benefits and do not represent usable resources for the Council.

Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement of Reserves Statement from the General Fund balance to the Capital Adjustment Account then reverses out the amounts charged so there is no impact on the level of Council Tax.

VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

Note 2 – Movement in Reserves Statement - Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice, to the resources that are specified by statutory provisions as being available to the Council to meet future revenue and capital expenditure.

2010-11	General Fund Balance £'000	Ear-marked GF Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Un-applied £'000	Un-usable Reserves £'000
Adjustments primarily involving the Capital Adjustment Account					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement					
Charges for depreciation of non-current assets & amortisation of intangible assets	**1,084**	**-**	**-**	**-**	**(1,084)**
Charges for impairment of non-current assets	**-**	**-**	**-**	**-**	**-**
Revaluation losses on Property, Plant and Equipment	**6,257**	**-**	**-**	**-**	**(6,257)**
Movements in the market value of Investment Properties	**18**	**-**	**-**	**-**	**(18)**
Capital grants and contributions applied	**(674)**	**-**	**-**	**-**	**674**
Revenue expenditure funded from capital under statute	**886**	**-**	**-**	**-**	**(886)**
Net gain/loss on disposal of non-current assets	**149**	**-**	**-**	**-**	**(149)**
Pooling of Housing Capital Receipts	**13**	**-**	**-**	**-**	**(13)**
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement					
Statutory provision for the financing of capital investment	**(423)**	**-**	**-**	**-**	**423**
Capital expenditure charged to the General Fund	**-**	**-**	**-**	**-**	**-**
Adjustments primarily involving the Capital Receipts Reserve:					
Use of the Capital Receipts Reserve to finance new capital expenditure	**-**	**-**	**(2,125)**	**-**	**2,125**
Adjustments primarily involving the Capital Grants Unapplied Account:					
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	**-**	**-**	**-**	**-**	**-**
Application of grants to capital financing	**-**	**-**	**-**	**(44)**	**44**
Adjustments primarily involving the Pensions Reserve:					
Reversal of items relating to post employment benefits debited or credited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	**(7,283)**	**-**	**-**	**-**	**7,283**
Employer's pensions contributions and direct payments to pensioners payable in the year	**-**	**-**	**-**	**-**	**-**

	General Fund Balance £'000	Ear-marked GF Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Un-applied £'000	Un-usable Reserves £'000
Adjustments primarily involving the Collection Fund Adjustment Account:					
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from the council tax income calculated for the year in accordance with statutory requirements	**(102)**	**-**	**-**	**-**	**102**
Adjustments primarily involving the Capital Receipts Deferred Account:					
Transfer of deferred capital receipts relating to finance leases previously classified as operating leases prior to 31.03.2010	**4**	**-**	**-**	**-**	**(4)**
Adjustments primarily involving the Accumulated Absences Account:					
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	**101**	**-**	**-**	**-**	**(101)**
Total Adjustments	**30**	**-**	**(2,125)**	**(44)**	**2,139**

2009-10	**General Fund Balance £'000**	**Ear-marked GF Reserves £'000**	**Capital Receipts Reserve £'000**	**Capital Grants Un-applied £'000**	**Un-usable Reserves £'000**
Adjustments primarily involving the Capital Adjustment Account					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement					
Charges for depreciation of non-current assets & amortisation of intangible assets	839	-	-	-	(839)
Charges for impairment of non-current assets	-	-	-	-	-
Revaluation losses on Property, Plant and Equipment	503	-	-	-	(503)
Movements in the market value of Investment Properties	593	-	-	-	(593)
Capital grants and contributions applied	98	-	-	-	(98)
Revenue expenditure funded from capital under statute	4,493	-	-	-	(4,493)
Net gain/loss on disposal of non-current assets	572	-	-	-	(572)
Pooling of Housing Capital Receipts	12	-	-	-	(12)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement					
Statutory provision for the financing of capital investment	(409)	-	-	-	409
Capital expenditure charged to the General Fund	(33)	-	-	-	33
Adjustments primarily involving the Capital Receipts Reserve:					
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	(2,665)	-	2,665
Adjustments primarily involving the Capital Grants Unapplied Account:					
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	-	-	-	-	-
Application of grants to capital financing	-	-	-	(283)	283
Adjustments primarily involving the Pensions Reserve:					
Reversal of items relating to post employment benefits debited or credited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	613	-	-	-	(613)
Employer's pensions contributions and direct payments to pensioners payable in the year	-	-	-	-	-
Adjustments primarily involving the Collection Fund Adjustment Account:					
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from the council tax income calculated for the year in accordance with statutory requirements	(46)	-	-	-	46

	General Fund Balance £'000	Ear-marked GF Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Un-applied £'000	Un-usable Reserves £'000
Adjustments primarily involving the Capital Receipts Deferred Account:					
Transfer of deferred capital receipts relating to finance leases previously classified as operating leases prior to 31.03.2010	-	-	-	-	(4)
Adjustments primarily involving the Financial Instruments Adjustment Account:					
Capitalisation of Icelandic investments impairments	(3,882)	-	-	-	3,882
Icelandic investments interest impairment	719	-	-	-	(719)
Total Adjustments	**4,072**	**-**	**(2,665)**	**(283)**	**(1,128)**

Note 3 – Movement in Reserves Statement – Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and amounts posted back from earmarked reserves to meet General Fund expenditure.

	01.04.2009 £'000	Receipts 2009-10 £'000	Payments 2009-10 £'000	Transfers 2009-10 £'000	31.03.2010 £'000	Receipts 2010-11 £'000	Payments 2010-11 £'000	Transfers 2010-11 £'000	31.03.2011 £'000
General Fund	(5,164)	(-)	346	-	**(4,818)**	(-)	738	-	**(4,080)**
Earmarked Reserves:									
PFI	(463)	(45)	386	-	**(122)**	(-)	-	-	**(122)**
Insurance	(32)	(-)	-	-	**(32)**	(-)	6	-	**(26)**
Commercial Property	(2,352)	(1,769)	2,890	-	**(1,231)**	(1,482)	1,918	-	**(795)**
Match Funding	(429)	(1,800)	35	-	**(2,194)**	(-)	160	-	**(2,034)**
Organisational Developments	(2,525)	(760)	510	-	**(2,775)**	(1,609)	572	-	**(3,812)**
Waste and Recycling	(313)	(-)	38	-	**(275)**	(-)	4	-	**(271)**
Planning Delivery Grant	(328)	(-)	174	-	**(154)**	(-)	116	-	**(38)**
Revenue Grants Rec'd in Advance	(-)	(-)	-	-	**(-)**	(373)	44	-	**(329)**
Offices Renewals	(177)	(23)	11	-	**(189)**	(27)	41	-	**(175)**
Salaries	(172)	(13)	80	-	**(105)**	(-)	80	-	**(25)**
LABGI	(380)	(56)	174	-	**(262)**	(-)	127	-	**(135)**
Housing & Planning Delivery Grant	(161)	(249)	50	-	**(360)**	(-)	121	-	**(239)**
Area Based Grant	(23)	(214)	77	-	**(160)**	(260)	151	-	**(269)**
John Room House Major Repairs	(-)	(-)	-	-	**(-)**	(7)	-	-	**(7)**
Total Earmarked Reserves	(7,355)	**(4,929)**	**4,425**	**-**	**(7,859)**	**(3,758)**	**3,340**	**-**	**(8,277)**

PFI – Used to finance costs for the leisure PFI project.

Insurance – The Council has decided that the following items will be subject to self-insurance:
Damage and unforced theft of office machinery, CCTV cameras, and other miscellaneous items (estimated value £1.3m). Reserve levels are maintained to reflect claims history.

Commercial Property – This reserve represents the balance resulting from the Commercial Property trading account.

Match Funding – Established initially to provide funds for capital projects brought to the Council with requests for match funding. The scope of the Reserve has been extended to include revenue projects in order to assist a greater number of projects.

Organisational Developments – This reserve is used to fund the progression of one-off projects within the services. This reserve is funded from contributions from the services, and the projects are identified and approved in the budget.

Waste and Recycling – This reserve was set up to smooth the effects of changes in contract prices for the waste and recycling function.

Planning Delivery Grant – This reserve was set up to earmark the balance of Planning Delivery Grant for planning services. Planning Delivery Grant is an additional resource to enable and encourage the delivery of improved planning services.

Revenue Grants Received in advance – This reserve was set up in 2010-2011 to earmark grants where conditions have been satisfied, but the grant will not be spent until a later financial year.

Offices Renewals Reserve – This reserve was set up to earmark funds for periodic renewals work at offices where the council leases space to external tenants. An element of the service charge is earmarked to meet future major commitments, not covered by the annual maintenance programme.

Salaries Reserve – This reserve is used to fund the short term salary related costs of certain fixed term contracts within the establishment.

LABGI Reserve – The Local Authority Business Growth Incentive Scheme was introduced in 2005-2006. Grants received from central government are used to fund schemes that encourage business growth and development throughout the district.

Housing & Planning Delivery Grant Reserve – This reserve was set up to earmark the balance of Housing & Planning Delivery Grant, which has replaced the Planning Delivery Grant.

Area Based Grant Reserve – This reserve was set up to earmark the funding received from the Area Based Grant.

John Room House Major Repairs Reserve – This reserve was set up in 2010-11 to smooth the effect of cyclical major repairs carried out at the John Room House Hostel.

Note 4 – Cost of Services

Page 7 of the explanatory foreword gives detail on the main variances for the year against the ‘original’ budget.

Note 5 – Comprehensive Income and Expenditure Statement – Other Operating Expenditure

	2010-11 £'000	2009-10 £'000
Parish Council precepts	**2,275**	2,206
Drainage Board levies	**51**	50
Contribution of housing capital receipts to Government Pool	**13**	12
(Gain)/Loss on disposal of non-current assets	**90**	587
Total	**2,429**	**2,855**

Note 6 – Comprehensive Income and Expenditure Statement – Financing and Investment Income and Expenditure

	2010-11 £'000	2009-10 £'000
Interest receivable and similar income	**(1,255)**	(1,441)
Interest payable and similar charges	**864**	555
Pensions interest cost and expected return on pensions assets	**964**	1,333
(Surplus)/Deficit on trading undertakings	**(1,276)**	304
(Gains)/Losses on disposal of investment properties	**59**	(15)
Impairment/(Reversal) of Icelandic investment	**(343)**	(216)
Total	**(987)**	**520**

Note 7 – Surplus/Deficit on Trading Operations

The Council undertakes a Commercial Property function, which includes the operation of industrial estates in the district. There was a surplus of £1,482k in 2010-11 after the reversal of impairment entries and adjustment for finance lease income. The Commercial Property Reserve made a contribution of £1,918k to support the General Fund. Further details of this account are shown in the Commercial Property statement.

Note 8 – Comprehensive Income and Expenditure Statement – Taxation and Non Specific Grant Income

	2010-11 £'000	2009-10 £'000
Council tax income	**(5,164)**	(5,048)
Non domestic rates distribution	**(9,875)**	(8,984)
Collection Fund (surplus)/deficit	**(1)**	(81)
Revenue Support Grant	**(1,434)**	(2,074)
Other non-ringfenced Government grants	**(260)**	(520)
Capital grants and contributions	**(674)**	(311)
Total	**(17,408)**	**(17,018)**

Note 9 – Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Best Value Accounting Code of Practice. However, decisions about resource allocation are taken by the Council's Cabinet on the basis of management budget reports analysed across directorates. These reports are prepared on a different basis from the accounting policies used in the financial statements, in particular;

- No charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisation are charged to services in the Comprehensive Income and Expenditure Statement).
- The cost of retirement benefits is based on cash flows (payment of employer's pension contributions) rather than current service cost of benefits accrued in the year.
- Certain items (such as movements in reserves, interest income and levies) are not included in the Surplus/Deficit on Provision of Services figure in the Comprehensive Income and Expenditure Statement, but are included within the management budget reports.

2010-11 Income and expenditure as reported in the internal management reporting

	Community Services Directorate £'000	Corporate Resources Directorate £'000	Regeneration and Policy Directorate £'000	Total £'000
Employee expenses	4,236	2,819	2,486	9,541
Premises related expenses	939	26	858	1,822
Transport related expenses	139	64	151	354
Supplies and services	7,834	3,666	6,775	18,275
Transfer payments	29	51	33	114
Contributions to/(from) reserves	-	566	1,276	1,842
Total Expenditure	13,177	7,192	11,579	31,948
Fees, charges and other service income	(4,047)	(2,017)	(4,285)	(10,349)
Grants	(2,514)	(120)	(2,560)	(5,194)
Total income	(6,561)	(2,137)	(6,845)	(15,543)
Cost of Services	6,616	5,055	4,734	16,405

Reconcile to Cost of Services in the Comprehensive Income and Expenditure Statement

	£'000
Cost of services in the Directorate analysis	16,405
Adjust for services not included in Comprehensive Income and Expenditure Statement	442
Adjust for services not included in main Directorate analysis	(298)
Adjust for accounting entries not included in management accounts (i.e. depreciation)	(225)
Cost of Services in Comprehensive Income and Expenditure Statement	16,324

Reconciliation to Subjective Analysis

	Service Analysis £'000	Accounting Entries not Included in Management Accounts £'000	Amounts not included in Comprehensive Income and Expenditure Statement £'000	Services not included in Directorate analysis £'000	Net Cost of Services £'000	Corporate Amounts £'000	Total £'000
Fees, charges and other service income	(10,349)	-	-	(40,662)	(51,011)	-	(51,011)
Interest and investment income	-	-	1,255	-	1,255	(1,255)	-
Income from Council tax	-	-	-	-	-	(1)	(1)
Government grants and contributions	(5,194)	-	-	-	(5,194)	(17,408)	(22,602)
Total Income	(15,543)	-	1,255	(40,662)	(54,950)	(18,664)	(73,614)
Employee expenses	9,541	(8,146)	-	-	1,395	964	2,359
Other service expenses	22,407	-	(565)	40,364	62,206	(1,276)	60,930
Depreciation, amortisation and impairments	-	8,588	-	-	8,588	-	8,588
Interest payments	-	-	(864)	-	(864)	864	-
Precepts and levies	-	-	(51)	-	(51)	2,326	2,275
Payments to housing capital receipts pool	-	-	-	-	-	13	13
(Gain)/Loss on disposal of non-current assets	-	-	-	-	-	89	89
(Gain)/Loss on disposal of investment property	-	-	-	-	-	60	60
Icelandic impairment reversal	-	-	-	-	-	(343)	(343)
Total Expenditure	31,948	442	(1,480)	40,364	71,274	2,697	73,971
(Surplus)/Deficit on the provision of services	16,405	442	(225)	(298)	16,324	(15,967)	357

2009-10 Income and expenditure as reported in the internal management reporting

	Community Services Directorate £'000	Corporate Resources Directorate £'000	Regeneration and Policy Directorate £'000	Total £'000
Employee expenses	4,287	2,872	2,962	10,121
Premises related expenses	921	30	1,149	2,100
Transport related expenses	140	61	175	376
Supplies and services	7,771	3,296	5,197	16,264
Transfer payments	29	49	35	113
Contributions to/(from) reserves	-	1,572	-	1,572
Total Expenditure	13,148	7,880	9,518	30,546
Fees, charges and other service income	(4,989)	(1,791)	(5,258)	(12,038)
Grants	(1,818)	(10)	(409)	(2,237)
Total income	(6,807)	(1,801)	(5,667)	(14,275)
Cost of Services	**6,341**	**6,079**	**3,851**	**16,271**

Reconcile to Cost of Services in the Comprehensive Income and Expenditure Statement

	£'000
Cost of services in the Directorate analysis	16,271
Adjust for services not included in Comprehensive Income and Expenditure Statement	2,378
Adjust for services not included in main Directorate analysis	(389)
Adjust for accounting entries not included in management accounts (i.e. depreciation)	(735)
Cost of Services in Comprehensive Income and Expenditure Statement	**17,525**

Reconciliation to Subjective Analysis

	Service Analysis £'000	Accounting Entries not Included in Management Accounts £'000	Amounts not included in Comprehensive Income and Expenditure Statement £'000	Services not included in Directorate analysis £'000	Net Cost of Services £'000	Corporate Amounts £'000	Total £'000
Fees, charges and other service income	(12,038)	-	-	(37,097)	(49,135)	-	(49,135)
Interest and investment income	-	-	1,441	-	1,441	(1,441)	-
Income from Council tax	-	-	-	-	-	(81)	(81)
Government grants and contributions	(2,237)	-	-	-	(2,237)	(16,937)	(19,174)
Total Income	(14,275)	-	1,441	(37,097)	(49,931)	(18,459)	(68,390)
Employee expenses	10,120	(752)	-	-	9,368	1,333	10,701
Other service expenses	20,426	-	(1,572)	36,708	55,562	304	55,866
Depreciation, amortisation and impairments	-	3,130	-	-	3,130	-	3,130
Interest payments	-	-	(555)	-	(555)	555	-
Precepts and levies	-	-	(49)	-	(49)	2,256	2,207
Payments to housing capital receipts pool	-	-	-	-	-	13	13
(Gain)/Loss on disposal of non-current assets	-	-	-	-	-	587	587
(Gain)/Loss on disposal of investment property	-	-	-	-	-	(15)	(15)
Icelandic impairment reversal	-	-	-	-	-	(217)	(217)
Total Expenditure	30,546	2,378	(2,176)	36,708	67,456	4,816	72,272
(Surplus)/Deficit on the provision of services	16,271	2,378	(735)	(389)	17,525	(13,643)	3,882

Note 10 – Surplus/Deficit on Revaluation of Non-Current Assets

Details of movements in valuations of non-current assets can be found within the capital notes at notes 12 & 13.

Note 11 – Pensions

As part of the terms and conditions of employment of its staff, Breckland offers retirement benefits through the Norfolk Pension Fund. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that need to be disclosed at the time that the employees earn their future entitlement. The authority participates in the Norfolk Pension Fund, administered by Norfolk County Council. This is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

Transactions Relating to Post-employment Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by the employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund balance via the Movement in Reserves Statement during the year:

	2010-11	**2009-10**
Comprehensive Income and Expenditure Statement	**£'000**	**£'000**
Cost of services:		
Current service cost	1,180	629
Losses on curtailments and settlements	-	-
Past service costs/(gains)	(8,158)	-
Net finance expenditure		
Interest cost	4,304	3,673
Expected return on assets	(3,340)	(2,340)
Net charge to the (Surplus)/Deficit on Provision of Services	(6,014)	1,962
Other post employment benefit charged to the Comprehensive Income and Expenditure Statement		
Actuarial gains and (losses)	11,093	(19,706)
Total post employment benefit charged to the Comprehensive Income and Expenditure Statement	(5,079)	(17,744)
Movement in Reserves Statement		
Reversal of net charges made to the Surplus/Deficit for the Provision of Services for post employment benefits in accordance with the Code	6,014	(1,962)
Actual amount charged against the General Fund balance for pensions in the year:		
Employers' contributions payable to scheme	1,269	1,349

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to 31 March 2010-11 is a loss of £15,683k.

Assets and Liabilities in Relation to Post-employment Benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation)

	2010-11	**2009-10**
	£'000	**£'000**
1st April	85,173	54,001
Current service cost	1,180	629
Interest cost	4,304	3,673
Contributions by scheme members	395	440
Losses and gains on curtailments	-	-
Actuarial (gains) and losses	(12,541)	29,053
Estimated benefits paid	(2,709)	(2,530)
Estimated unfunded benefits paid	(95)	(93)
Past service costs/(gains)	(8,158)	-
31st March	67,549	85,173

Reconciliation of fair value of the scheme assets

	2010-11	**2009-10**
	£'000	**£'000**
1st April	49,006	38,153
Expected return on assets	3,340	2,340
Actuarial gains and losses	(1,448)	9,347
Employer contributions	1,174	1,256
Contributions in respect of unfunded benefits	95	93
Contributions by scheme members	395	440
Benefits paid	(2,709)	(2,530)
Unfunded benefits paid	(95)	(93)
31st March	49,758	49,006

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was £3,690k (£11,690k 2009-10).

Scheme history

	2005-06 £'000	2006-07 £'000	2007-08 £'000	2008-09 £'000	2009-10 £'000	2010-11 £'000
Present value of defined benefit obligation	(62,000)	(61,600)	(55,416)	(54,001)	(85,173)	(67,549)
Fair value of employers assets	47,400	51,453	48,608	38,153	49,006	49,758
Scheme Surplus/(Deficit)	(14,600)	(10,147)	(6,808)	(15,848)	(36,167)	(17,791)

The liabilities show the underlying commitments that the authority has in the long run to pay post employment (retirement) benefits. The total liability of £68m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in a negative overall balance of £18m.
However, statutory arrangements for funding the deficit mean that the financial position of the authority remains healthy:

- The deficit on the scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

The total employers' contributions expected to be made to the scheme in the year to 31st March 2012 is £1,216k.

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Norfolk Pension fund liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, estimates for the Norfolk Pension Fund being based on the latest full valuation of the scheme as at 31st March 2010.

The principal assumptions used by the actuary have been:	2010-11	2009-10
Expected rate of return on assets in the scheme:		
Equities	7.5%	7.8%
Bonds	4.9%	5.0%
Property	5.5%	5.8%
Cash	4.6%	4.8%
Mortality assumptions:		
Longevity at 65 for current pensioners - men	21.2 years	20.8 years
Longevity at 65 for current pensioners - women	23.4 years	24.1 years
Longevity at 65 for future pensioners - men	23.6 years	22.3 years
Longevity at 65 for future pensioners - women	25.8 years	25.7 years
Rate of inflation	2.8%	3.8%
Rate of increase in salaries	5.1%	5.3%
Rate of increase in pensions	2.8%	3.8%
Rate for discounting scheme liabilities	5.5%	5.5%
Take-up of option to convert annual pension into retirement lump sum (Post-April 2008 service)	75%	75%

The Norfolk Pension Fund's assets consist of the following categories, by proportion of the total assets held:

	2010-11 %	2009-10 %
Equities	69	67
Bonds	17	17
Property	11	10
Cash	3	6
	100	100

History of experience gains and losses

The actuarial gains identified as movements on the Pensions Reserve in 2010-11 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31st March 2011.

	2005-06 %	2006-07 %	2007-08 %	2008-09 %	2009-10 %	2010-11 %
Differences between the expected and actual return on assets	14.3	(0.5)	(12.1)	(35.5)	19.1	(2.9)
Experience gains and losses on liabilities	0.0	(2.3)	0.7	0.0	0.0	(12.0)

Sensitivity Analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions as at 31.03.2011	Approximate % increase to Employers Liability	Approximate Monetary Amount (£'000)
0.5% decrease in Real Discount Rate	9%	6,110
1 year increase in member life expectancy	3%	2,026
0.5% increase in the Salary Increase Rate	1%	982
0.5% increase in the Pension Increase Rate	7%	4,940

Further information can be found in Norfolk Pension Fund's Annual Report, which is available on request from: **Department of Finance & Information, Norfolk County Council, County Hall, Martineau Lane, Norwich NR1 2DW.**

Note 12 – Property, Plant and Equipment (PPE)

Cost or Valuation	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infra-structure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Const-ruction £'000	Total PPE £'000	PFI Assets Included in PPE £'000
At 1 April 2010	**24,960**	**3,533**	**66**	**525**	**5,685**	**1,038**	**35,807**	**15,938**
Additions	-	-	-	-	-	5,123	5,123	-
Donations	-	-	-	-	-	-	-	-
Revaluation increases/(decreases) recognised in Revaluation Reserve	(178)	-	-	(15)	826	-	633	(185)
Revaluation increases/(decreases) recognised in Surplus/Deficit on the Provision of Services	(4,721)	-	-	(120)	(145)	-	(4,986)	(3,465)
Derecognition – Disposals	(26)	(19)	(66)	-	(102)	-	(213)	-
Derecognition – Other	-	-	-	-	-	-	-	-
Assets reclassified	(74)	(39)	-	-	317	-	204	-
Assets reclassified (to)/from Held for Sale	-	-	-	-	-	-	-	-
Additions – Transferred from AUC	1,360	295	-	-	-	(5,775)	(4,120)	52
Other Movements in cost or valuation	-	-	-	-	-	-	-	-
At 31 March 2011	**21,321**	**3,770**	**-**	**390**	**6,581**	**386**	**32,448**	**12,340**
Accumulated Depreciation and Impairment								
At 1 April 2010	(2,771)	(2,095)	-	-	-	-	(4,866)	(2,153)
Depreciation charge 2010-11	(710)	(266)	-	-	-	-	(976)	(481)
Depreciation Written out to Revaluation Reserve	11	-	-	-	-	-	11	-
Depreciation Written out to Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-	-
Impairment losses/(reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-	-
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-	-
Derecognition – Disposals	5	58	-	-	-	-	63	-
Derecognition – Other	3,090	-	-	-	-	-	3,090	2,624
Other movements in depreciation & impairment	-	-	-	-	-	-	-	-
At 31 March 2011	(375)	(2,303)	-	-	-	-	(2,678)	(10)
Net Book Value at 31 March 2010	22,189	1,438	66	525	5,685	1,038	30,941	13,785
Net Book Value at 31 March 2011	**20,946**	**1,467**	**-**	**390**	**6,581**	**386**	**29,770**	**12,330**

Cost or Valuation	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infra-structure Assets £'000	Communit y Assets £'000	Surplus Assets £'000	Assets Under Const-ruction £'000	Total PPE £'000	PFI Assets Included in PPE £'000
At 1 April 2009	**24,829**	**2,827**	**66**	**525**	**5,685**	**731**	**34,663**	**15,887**
Additions	51	-	-	-	-	2,557	2,608	51
Donations	-	-	-	-	-	-	-	-
Revaluation increases/(decreases) recognised in Revaluation Reserve	100	-	-	-	-	-	100	-
Revaluation increases/(decreases) recognised in Surplus/Deficit on the Provision of Services	(103)	-	-	-	-	-	(103)	-
Derecognition – Disposals	(125)	(311)	-	-	-	-	(436)	-
Derecognition – Other	-	-	-	-	-	-	-	-
Assets reclassified (to)/from Held for Sale	-	-	-	-	-	-	-	-
Additions – Transferred from AUC	208	1,017	-	-	-	(2,250)	(1,025)	-
Other Movements in cost or valuation	-	-	-	-	-	-	-	-
At 31 March 2010	**24,960**	**3,533**	**66**	**525**	**5,685**	**1,038**	**35,807**	**15,938**
Accumulated Depreciation and Impairment								
At 1 April 2009	(2,146)	(1,936)	-	-	-	-	(4,082)	(1,640)
Depreciation charge 2009-10	(748)	(175)	-	-	-	-	(923)	(513)
Depreciation Written out to Revaluation Reserve	-	-	-	-	-	-	-	-
Depreciation Written out to Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-	-
Impairment losses/(reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-	-
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-	-
Derecognition – Disposals	7	6	-	-	-	-	13	-
Derecognition – Other	116	10	-	-	-	-	126	-
Other movements in depreciation & impairment	-	-	-	-	-	-	-	-
At 31 March 2010	(2,771)	(2,095)	-	-	-	-	(4,866)	(2,153)
Net Book Value at 31 March 2009	22,683	891	66	525	5,685	731	30,581	14,247
Net Book Value at 31 March 2010	**22,189**	**1,438**	**66**	**525**	**5,685**	**1,038**	**30,941**	**13,785**

Depreciation
The useful lives and depreciation rates used in the calculation of depreciation are detailed in the accounting policies at note 1.

Revaluations
The asset values shown for 2010-11 are as at 31st March 2011 to reflect material changes during the year within the asset. Asset values in previous years are shown as at 1st April 2010, 2009, 2008 and 2007. The Council has introduced a rolling programme of revaluations and assets are subject to a five-year review as a minimum. The valuations were undertaken in accordance with the Statements of Asset Valuation Practice and Guidance Notes ('The Red Book') prepared by the Assets Valuation Standards Committee of the Royal Institution of Chartered Surveyors and in accordance with the recommendations made by the Chartered Institute of Public Finance and Accountancy. The bases for the valuation for each category of non-current assets are set out in the Statement of Accounting Policies at note 1.

The valuations were prepared by the District Valuer [ARICS], Valuation Office, Rosebery Court, Central Avenue, St Andrew's Business Park, Norwich NR7 0HS.

	Other Land & Buildings £'000	**Vehicles, Plant, Furniture & Equipment £'000**	**Infrastructure Assets £'000**	**Community Assets £'000**	**Surplus Assets £'000**	**Assets Under Construction £'000**	**Total £'000**
Carried at Historical Cost	-	3,476	-	390	-	385	4,251
Valued at fair value in:							
2010-2011	(330)	-	-	-	6,581	-	6,251
2009-2010	1,249	-	-	-	-	-	1,249
2008-2009	(2,802)	-	-	-	-	-	(2,802)
2007-2008	21,710	-	-	-	-	-	21,710
2006-2007	1,493	295	-	-	-	-	1,788
Total	**21,320**	**3,771**	**-**	**390**	**6,581**	**385**	**32,447**

Capital Commitments
At 31 March 2011, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2011/12 and future years. The major commitments are:

	Expenditure Approved & Contracted £'000	**Expenditure Approved but not Contracted £'000**
At 31 March 2011	**27,360**	**-**
At 31 March 2010	255,108	43,366

There have been no major changes in estimates during 2010-11.

Note 13 –Investment Property

Details of the items of income and expense which have been accounted for in the Surplus/Deficit on trading undertakings not included in Cost of Services line in the Comprehensive Income and Expenditure Statement can be found in the Commercial Property Trading Account Statement on page 88 - 89.

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties over the year:

		2010-11 £'000	2009-10 £'000
Balance at 1 April		22,097	21,109
Additions:-	Purchases (Transfer from AUC)	3,677	846
	Construction	-	-
	Subsequent Expenditure	292	-
Disposals		(1,026)	(273)
Net gains/(losses) from fair value adjustments		(2,830)	415
Transfers: -	(To)/from Property, Plant & Equipment	(1,475)	-
Other changes		-	-
Balance at 31 March		**20,735**	**22,097**

Note 14 – Intangible Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. All software is given a finite life, based on internal assessments of the period that the software is expected to be of use to the council. The useful lives currently assigned to all software used by the council is 3 years.

The carrying amount of intangible assets is amortised on a straight line basis. The amortisation of £107k charged to revenue in 2010-11 was charged to the ICT cost centre and then absorbed as an overhead across all the service headings in the Cost of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

The movement on intangible asset balances during the year is as follows:

	2010-11	**2009-10**
	£'000	**£'000**
Balance at 1 April		
Gross carrying amounts	**1,314**	1,205
Accumulated amortisation	**(1,087)**	(1,085)
Net carrying Amount at 1 April	**227**	120
Additions (Tfr from AUC)	**150**	179
Reclassified as held for sale	**(1)**	
Disposals	**-**	(95)
Amortisation for the period	**(107)**	(2)
Other changes	**-**	25
Net Carrying Amount at 31 March	**269**	**227**
Comprising:		
Gross Carrying Amounts	**1,463**	1,314
Accumulated Amortisation	**(1,194)**	(1,087)
	269	227

Note 15 – Long Term Investments

These are surplus funds invested in approved investment instruments that mature at least a year after the balance sheet date.

	2010-11		2009-10	
Investment Institution	**Amount Invested**	**Rate**	**Amount Invested**	**Rate**
Long term element of Icelandic investments	£4,168,230	Various	£7,619,630	Various

The balance in long term investments (excluding ARP Trading) reduced from £7.62m in 2009-10 to £4.17m in 2010-11, as a result of the investments being re-classified to short term investments.

In addition to these investments the Council has a 66% share in the Anglia Revenues Partnership Trading company, which is currently valued at £112k. Further details of this can be found in the Group Accounts Statements.

Note 16 – Long Term Debtors

Amounts falling due in more than one year

	31.03.2011	**31.03.2010**
	£'000	**£'000**
Housing Benefits Overpayments	**313**	216
Loans to voluntary organisations	**30**	33
Mortgages	**36**	56
PFI Capital Lifecycle Prepayment	**777**	558
Finance leases	**4,543**	4,548
Total	**5,699**	**5,411**

Note 17 – Short Term Investments

These are surplus funds invested in approved investment instruments that mature within the coming twelve months.

	2010-11	**2009-10**
	£'000	**£'000**
Short term callable accounts	5,003	-
Fixed term investments	10,070	16,395
Short term element of Icelandic investments	3,977	484
	19,050	**16,879**

Note 18 – Short Term Debtors

Amounts falling due in one year

	31.03.2011	31.03.2010
	£'000	£'000
Central government bodies	**1,692**	3,791
Other local authorities	**1,635**	3,397
Other entities and individuals	**3,136**	5,382
Total	**6,463**	**12,570**

The Other entities and individuals figure of £3,136k is included within the Financial Instruments note.

Note 19 – Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

	31.03.2011	31.03.2010
	£'000	£'000
Cash held by the Council	**-**	-
Bank current accounts	**(798)**	(1,083)
Short term deposits	**9,822**	8,091
Total Cash and Cash Equivalents	**9,024**	**7,008**

Note 20 – Assets Held for Sale

	2010-11 £'000	2009-10 £'000
Balance at 1 April	**-**	-
Assets newly classified as Held for Sale:		
Property, plant and equipment	**1,271**	-
Revaluation losses	**-**	-
Revaluation gains	**-**	-
Impairment losses	**-**	-
Assets declassified as Held for Sale:		
Property, plant and equipment	**-**	-
Assets sold	**(296)**	-
Other movements	**-**	-
Balance at 31 March	**975**	**-**

Note 21 – Short Term Creditors

Amounts falling due in one year

	31.03.2011 £'000	31.03.2010 £'000
Central government bodies	**(5,219)**	(5,625)
Other local authorities	**(2,143)**	(2,400)
Public corporations and trading funds	**(4)**	(16)
Other entities and individuals	**(4,499)**	(4,239)
Total	**(11,865)**	**(12,280)**

The Other entities and individuals figure of £4,499k is included within the Financial Instruments note.

Note 22 – Provisions

	Outstanding Legal Cases £'000	**Compensation Claims £'000**	**Other Provisions £'000**	**Total £'000**
Balance at 1 April 2010	-	142	1,128	1,270
Additional provisions made in 2010-11	35	58	68	161
Amounts used in 2010-11	-	(6)	(1,000)	(1,006)
Unused amounts reversed in 2010-11	-	-	(128)	(128)
Unwinding of discount in 2010-11	-	-	-	-
Balance at 31 March 2011	**35**	**194**	**68**	**297**

Outstanding Legal Cases
New provisions have been made for legal costs in relation to a planning judicial review claim and a health and safety case claim, totaling £35k.

Compensation Claims
An additional provision of £58k for this compensatable interests claim has been made less £6k of payments made, leaving a remaining provision of £194k.

Other Provisions
The £1,000k provision relating to a liability on the purchase of a commercial property has been used in 2010-11. The provision of £128k relating to Housing Benefits has been reversed. The remaining £68k relates to redundancy costs following a senior management re-structure.

Note 23 – Other Long Term Liabilities

	31.03.2011 £'000	**31.03.2010 £'000**
PFI lease liability > 1 year	**(9,660)**	(9,819)
Pensions liability	**(17,791)**	(36,167)
Total	**(27,451)**	**(45,986)**

Note 24 – Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2010-11:

	2010-11 £'000	2009-10 £'000
Credited to Taxation and Non specific Grant Income		
LABGI	**-**	56
Housing Planning Delivery Grant	**-**	250
Area Based Grant	**260**	214
Other Grants	**-**	-
Other Contributions	**-**	-
Total	**260**	**520**
Credited to Services:		
HM Government	**120**	-
Norfolk Primary Care Trust	**-**	100
Communities for Local Government	**2,003**	100
Department for Culture, Media & Sports	**-**	59
Homes & Communities Agency	**50**	-
Eastern Regional Development Fund	**137**	-
Norfolk County Council	**277**	112
East of England Development Agency	**114**	-
Other Grants (below £20k individually)	**659**	436
Total	**3,360**	**807**
Capital Grants Receipts in Advance		
English Heritage	**38**	-
Disabled Facilities	**395**	311
Decent Homes	**47**	-
Anglia Revenues Partnership	**174**	-
Other Contributions	**20**	-
Total	**674**	**311**

Note 25 – Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement.

Note 26 – Unusable Reserves

	31.03.2011 £'000	31.03.2010 £'000
Revaluation Reserve	**(5,347)**	(3,310)
Capital Adjustment Account	**(50,096)**	(55,179)
Deferred Capital Receipts Reserve	**(4,543)**	(4,548)
Pensions Reserve	**17,791**	36,167
Collection Fund Adjustment Account	**(46)**	56
Accumulated Absences Account	**154**	54
Total Unusable Reserves	**(42,087)**	**(26,760)**

Revaluation Reserve

The Revaluation Reserve contains the gains made by the council arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation
- Disposed of and the gains are realised

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2010-11 £'000	2009-10 £'000
Balance at 1 April	**(3,310)**	(3,207)
Upward revaluation of assets	**(2,273)**	(584)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on Provision of Services	**179**	1,041
Surplus/Deficit on revaluation of non-current assets not posted to the Surplus/Deficit on Provision of Services	**(2,094)**	457
Difference between fair value depreciation and historical cost depreciation	**22**	77
Accumulated gains on assets sold or scrapped	**35**	23
Amount written off to the Capital Adjustment Account	**(2,037)**	557
Transfer from available for sale reserve	**-**	(660)
Balance at 31 March	**(5,347)**	**(3,310)**

This reserve also includes movements relating to the Council's shareholding in ARP Trading Ltd. The movements in the year relating to this shareholding were as follows:

	2010-2011	2009-2010
	£'000	£'000
Balance at beginning of year	(211)	-
Transfer	-	(660)
Downward Revaluations	99	449
Balance at end of year	(112)	(211)

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the council as finance for the costs of acquisition, construction and enhancement.

The account contains the accumulated gains and losses on Investment Properties that have yet to be consumed by the Council.

The account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 2 provides details of the source of all the transactions posted to the account, apart from those involving the Revaluation Reserve.

	2010-11 £'000	2009-10 £'000
Balance at 1 April	**(55,179)**	(57,166)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation and amortisation	**1,084**	1,009
Charges for impairment of non-current assets	**-**	-
Revaluation losses on Property, plant and equipment	**6,257**	(1,130)
Changes in fair value of investment properties	**18**	593
Revenue expenditure funded from capital under statute	**885**	4,805
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	**1,492**	698
Adjusting amounts written out of the Revaluation Reserve	**(57)**	(102)
Net written out amount of the cost of non-current assets consumed in the year	**9,679**	5,873
Capital financing applied in the year:		
Use of the capital receipts reserve to finance new capital expenditure	**(3,499)**	(2,778)
Capital grants and contributions credited to the comprehensive Income and Expenditure Statement that have been applied to capital financing	**(674)**	(666)
Application of grants to capital financing from the Capital Grants Unapplied Account	**-**	-
Minimum Revenue Provision charge	**(423)**	(409)
Capital expenditure charged against the General Fund	**-**	(33)
Balance at 31 March	**(50,096)**	**(55,179)**

Deferred Capital Receipts Reserve
The Deferred Capital Receipts reserve holds the gains recognised on disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred.

	2010-11	2009-10
	£'000	£'000
Balance at 1 April	**(4,548)**	(4,552)
Transfer of deferred sale proceeds credited from finance leases	**5**	4
Balance at 31 March	**(4,543)**	**(4,548)**

Pensions Reserve
The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2010-11	2009-10
	£'000	£'000
Balance at 1 April	**36,167**	15,848
Actuarial (gains) or losses on pension assets and liabilities	**(11,093)**	19,706
Reversal of items relating to retirement benefits debited or credited to the Surplus/Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement	**(7,283)**	613
Employer's pension contributions and direct payments to pensioners payable in the year	**-**	-
Balance at 31 March	**17,791**	**36,167**

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	2010-11 £'000	2009-10 £'000
Balance at 1 April	**56**	101
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	**(102)**	(45)
Balance at 31 March	**(46)**	**56**

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not taken in the year, i.e. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund balance is neutralised by transfers to or from the Account.

	2010-11 £'000	2009-10 £'000
Balance at 1 April	**54**	86
Settlement or cancellation of accrual made at the end of the preceding year	**(54)**	(86)
Amounts accrued at the end of the current year	**154**	54
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	**-**	-
Balance at 31 March	**154**	**54**

Available-for-sale Reserve

The Available-for-sale reserve records the accumulated gains on revaluations of investments held by the Council, arising from increases in value, which are not yet realised through the sale of the investment. The gain of £660k relating to ARP Trading Ltd was transferred in 2009-10 as a result of clarification of the required accounting treatment.

	2010-11 £'000	2009-10 £'000
Balance at 1 April	**-**	(660)
Transfer to revaluation reserve	**-**	660
Balance at 31 March	**-**	**-**

Financial Instruments Adjustment Account
The Financial Instruments Adjustment Account holds transactions relating to financial instruments for their future release into the Comprehensive Income & Expenditure Statement.

	2010-11	2009-10
	£'000	£'000
Balance at 1 April	-	3,164
Impairments	-	(217)
Interest	-	936
Capitalisation	-	(3,883)
Balance at 31 March	**-**	**-**

Note 27 - Members' Allowances

The Council paid the following amounts to Members of the Council during the year.

	2010-11	2009-10
	£'000	£'000
Basic and special responsibility allowances	**428**	432
Expenses	**43**	42
Total	**471**	**474**

Note 28 – Officers' Remuneration

The remuneration paid to the Council's senior employees is as follows:

2010-11 **Title**	**Salary (incl fees and allowances)**	**Bonuses**	**Expenses Allowances**	**Benefits in kind (i.e. car allowances)**	**Pension contribution**	**Total**
	£	**£**	**£**	**£**	**£**	**£**
Chief Executive	**32,264**	**-**	**-**	**583**	**6,106**	**38,953**
Deputy Chief Executive	**90,367**	**-**	**-**	**2,169**	**18,164**	**110,700**
Director Corporate Resources	**68,861**	**-**	**68**	**1,239**	**13,841**	**84,009**
Head of Finance	**54,311**	**-**	**-**	**2,475**	**10,916**	**67,702**
Director Community Services	**52,467**	**-**	**-**	**1,569**	**10,546**	**64,582**

The Chief Executive left the Council on 27 June 2010. The Chief Executives salary includes a value of £3,973 in relation to responsibilities for the Acting Returning Officer.

A shared Chief Executive commenced on 13 August 2010 and provides services for both the Council and South Holland District Council. They are formally employed by South Holland District Council and Breckland Council is recharged 50% of their salary and other remuneration and expenses. Full details of their remuneration can be found in the South Holland District Council Statement of Accounts.

2009-10 **Title**	**Salary (incl fees and allowances)**	**Bonuses**	**Expenses Allowances**	**Benefits in kind (i.e. car allowances)**	**Pension contribution**	**Total**
	£	**£**	**£**	**£**	**£**	**£**
Chief Executive	109,264	-	-	2,435	21,400	133,099
Deputy Chief Executive	86,708	-	-	2,169	16,985	105,862
Director Governance & Finance	65,097	-	-	825	-	65,922
Director Organisational Development	52,296	-	135	1,170	10,320	63,921
Director Community Services	49,349	-	-	1,569	9,711	60,629

The Council's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

Band	2010-11 Number of Employees	2009-10 Number of Employees
£50,000 to £54,999	5	7
£55,000 to £59,999	1	1
£60,000 to £64,999	1	1
£65,000 to £69,999	-	1
£70,000 to £74,999	1	-
£75,000 to £79,999	-	-
£80,000 to £84,999	-	-
£85,000 to £89,999	-	1
£90,000 to £94,999	1	-
£95,000 to £99,999	-	-
£100,000 to £104,999	-	-
£105,000 to £109,999	-	-
£110,000 to £114,999	-	1

Note 29 – External Audit Costs

The Council has incurred the following costs for services provided by the Council's external auditors (The Audit Commission).

	2010-11 £'000	2009-10 £'000
Fees payable with regard to external audit services carried out by the appointed auditor for the year	**103**	136
Fees payable in respect of statutory inspections	**-**	25
Fees payable for the certification of grant claims and returns for the year	**31**	23
Fees payable in respect of other services provided during the year	**-**	-
	134	184

External audit services include the Audit Commission fees for the ARP Joint Committee accounts for 2010-11 of £4k (2009-10 £16k).

Note 30 – Termination Benefits

Termination benefits totalling £60k relating to Breckland employees have been charged to the accounts in 2010-11. These costs related to six officers who were made redundant as part of the Anglia Revenues Partnership and the shared management restructures. Breckland's share of termination benefits relating to South Holland District Council employees totalling £106k has been charged to the accounts in 2010-11.

Note 31 – Related Party Transactions

The Council is required to disclose material transactions with related parties, bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central Government
Central Government has effective control over the general operations of the Council, it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (i.e. Council tax bills, housing benefits, etc). Grants received from Government departments are set out in note 24. Grant receipts outstanding at the end of the year are shown in note 18.

Members
Members of the council have direct control over the Council's financial and operating policies. The total of Members Allowances is shown in note 27.
Two Members are non-executive directors of ARP Trading Ltd. Information relating to ARP Trading Ltd is shown in the Group Accounts.

Officers
There were no senior officers with any related party transactions during the year.

Other Public Bodies
Transactions with the Norfolk Pension Fund are detailed in the Pensions note 11.

Precepts paid to other authorities are listed below.

	2010-11	**2009-10**
Precept paid to:	**£'000**	**£'000**
Parishes	**2,275**	2,206
Norfolk County Council	**47,731**	47,596
Norfolk Police Authority	**7,970**	7,860

Internal drainage board levies paid are listed below:

Internal drainage board levies paid to:	2010-11 £'000	2009-10 £'000
East Harling	**6**	5
Norfolk Rivers	**45**	44
Waveney Valley	**1**	1

Entities Controlled or Significantly Influenced by the Council

Anglia Revenues Partnership Trading Limited is a Joint Venture Company set up with Forest Heath District Council to trade with authorities in revenues and benefits services. During the year, Breckland Council paid the company £365,990 (£313,074 in 2009-10) for the provision of the authority's housing register and for employee and management costs. The council makes a charge to the company for office accommodation and establishment charges. This amounted to £125,746 (£281,345 in 2009-10). More detail on this entity appears in the Group Accounts.

The Anglia Revenues Partnership Joint Committee was set up to deliver the Housing Benefit, Council Tax, and Business Rates services for Breckland Council and Forest Heath District Council. East Cambridgeshire District Council joined the partnership on 1 April 2007 and formally joined the Joint Committee in October 2010. The authorities hold 1/3:1/3:1/3 voting rights but shares in costs and surpluses arising from the arrangement is 48:24:28 (Breckland, Forest Heath and East Cambridgeshire respectively). The partnership involves the authorities coming together to fulfil a joint purpose but it does not constitute a legal entity in it's own right and therefore is accounted in the respective authorities Statement of Accounts as a 'Joint Arrangement not an Entity'. This requires the council's share of partnership transactions and balances to be included within the relevant lines within their own accounts.

Note 32 – Leases

Authority as Lessor

Operating Leases

The Council has granted a number of leases on commercial properties and community centres, which have been accounted for as operating leases. The future minimum lease payments receivable under non-cancellable leases in future years are:

	31.03.2011 £'000	31.03.2010 £'000
Not later than one year	**1,997**	1,853
Later than one year and not later than five years	**2,680**	2,014
Later than five years	**1,515**	456
Total	**6,192**	**4,323**

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. The contingent rents are nil for the Council as rent reviews are carried out based on market values, not specified amounts.

Finance Leases
The Council has leased out property on a finance lease as follows:

- Barnham Broom Golf & Country Club to Barnham Broom Golf and Country Club with a remaining term of 45 years
- Merle Boddy Centre to Meridian East with a remaining term of 55 years

The Council has a gross investment in the lease, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the property when the lease comes to an end. The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the Council in future years whilst the debtor remains outstanding. The gross investment is made up of the following amounts:

	31.03.2011 £'000	31.03.2010 £'000
Finance lease debtor (net present value of minimum lease payments):		
Current	**439**	439
Non-current	**4,119**	4,124
Unearned finance income	**-**	-
Un guaranteed residual value of property	**-**	-
Gross investment in the lease	**4,558**	**4,563**

The gross investment in the lease and the minimum lease payments will be received over the following periods:

	Gross investment in lease		Minimum Lease Payments	
	31.03.2011 £'000	31.03.2010 £'000	31.03.2011 £'000	31.03.2010 £'000
Not later than one year	**-**	-	**-**	-
Later than one year and not later than five years	**-**	-	**-**	-
Later than five years	**21,875**	22,360	**485**	485
Total	**21,875**	**22,360**	**485**	**485**

The Council has not set aside any allowance for uncollectible amounts relating to these leases in 2010-11 (£0 2009-10).

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. The contingent rents are nil for the Council as rent reviews are carried out based on market values, not specified amounts.

Details on the Council's PFI arrangements are shown at note 33.

Note 33 – Private Finance Initiatives and Similar Contracts

In December 2005 The Council entered into a 33.5 year PFI contract for the provision of leisure management and facilities in Thetford and Dereham. The contract specifies minimum standards for the services to be provided by the contractor, with deductions from the fee payable being made if facilities are unavailable or performance is below the minimum standards. The contractor took on the obligation to construct the centre at Dereham and to maintain the

centres in a minimum acceptable condition and to procure and maintain the plant and equipment needed to operate the centres. The buildings and any plant and equipment installed in them at the end of the contract will be transferred to the Council. The Council only has the right to terminate the contract if it compensates the contractor in full for costs incurred and future profits that would have been generated over the remaining term of the contract. There have been no changes in this arrangement during 2010-11.

Property Plant and Equipment – The assets used to provide services at the leisure centres are recognised on the Council's Balance sheet. Movements in their fair value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in note 12.

Payments – The Council makes an agreed payment each year which is increased each year by inflation and can be reduced if the contractor fails to meet performance standards in any year but which is otherwise fixed. The unitary charge payable in 2010-11 totalled £1,851,849 (£1,841,464 in 2009-10). This was charged to the Comprehensive Income and Expenditure Statement as £865,170 service and asset maintenance charge (debited to cultural services), £528,488 finance costs and £35,240 contingent rental costs (debited to interest payable) and £151,012 relating to the write down of obligations to the lessor. The service charge amount in 2010-11 of £865,170 included a credit of £30,620 relating to performance deductions within the year (£nil in 2009-10)

There are provisions within this PFI arrangement which may affect the amount, timing and certainty of future cash flows, these are as follows:

- The benchmarking exercise is due to be carried out in 2014 and thereafter every 5 years. There is a risk that an increase/decrease in unitary charge could result from this exercise.
- The contract is subject to an annual inflationary increase and therefore higher than anticipated inflation levels would lead to higher payment levels. If this occurs in the early years of the contract there is a compounding effect on the later contract years.
- PFI credits are received from the DCMS, a failure to provide the DCMS with their required information could result in a loss of these credits to the Council.

Payments remaining to be made under the PFI contract at 31 March 2011. These payments are shown as an estimate based on prices at 31st March 2011 and therefore do not include any estimate for inflation or performance deductions.

	Principal repayment £'000	**Finance costs £'000**	**Service charges £'000**	**Capital prepayment £'000**	**Total £'000**
Amounts payable in 1 year	151	564	896	272	1,883
Amounts payable 2 – 5 years	604	2,256	3,584	1,088	7,532
Amounts payable 6 – 10 years	755	2,820	4,480	1,360	9,415
Amounts payable 11–15 years	755	2,820	4,480	1,360	9,415
Amounts payable 16 – 20 years	755	2,820	4,480	1,360	9,415
Amounts payable 21 – 25 years	755	2,820	4,480	1,360	9,415
Amounts payable 26 – 30 years	453	1,692	2,688	816	5,649
Total	**4,228**	**15,792**	**25,088**	**7,616**	**52,724**

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable. The liability outstanding is as follows:

	2010-11 £'000	2009-10 £'000
Balance outstanding at 1 April	9,970	10,113
Interest charge for the year	529	536
Principal repayment during the year	(151)	(143)
Other movements	-	-
Interest repayment during the year	(529)	(536)
Balance outstanding at 31 March	**9,819**	**9,970**

Note 34 – Impairment Losses

The code requires disclosure by class of assets of the amounts for impairment losses and impairment reversals charged to the Surplus or Deficit on the Provision of Services and to Other Comprehensive Income and Expenditure. These disclosures are consolidated in notes 12 and 13 reconciling the movement over the year in the different classes of assets. There were no material individual impairment losses during the year.

Note 35 – Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under PFI contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note. The Council's CFR is currently negative which means there is no current requirement to borrow.

	2010-11	**2009-10**
	£'000	**£'000**
Opening Capital Financing Requirement	**(4,610)**	(8,218)
Capital Investment:		
Assets under construction	**5,123**	2,608
Revenue expenditure funded from capital under statute	**1,228**	922
Icelandic capitalisation	**-**	3,883
Icelandic impairment reversal	**(343)**	(217)
Other	**44**	(14)
Sources of Finance:		
Capital receipts	**(3,454)**	(2,778)
Government grants and other contributions	**(674)**	(569)
Sums set aside from revenue	**(44)**	-
PFI capital prepayment	**-**	(51)
Direct revenue contributions		(33)
MRP	**(151)**	(143)
Closing Capital financing Requirement	**(2,881)**	**(4,610)**
Explanation of movements in year		
Increase in underlying need to borrow (supported by Government financial assistance)	**-**	-
Increase in underlying need to borrow (unsupported by Government financial assistance)	**1,729**	3,608
Assets acquired under PFI contracts	**-**	-
Increase/(decrease) in Capital Financing Requirement	**1,729**	**3,608**

Note 36 – Contingent Assets and Liabilities

Contingent Liabilities

The accounts in relation to the deposits with the Icelandic banks which failed during 2008 have been prepared on the basis that Council will receive priority status in the distribution of the banks' assets, based on the recent District Court rulings. However this status is subject to further litigation with the judgements following the appeal hearings in the Supreme Court in Iceland expected after the accounts have been published. In the event that this priority status is not secured there is a possibility that additional impairments of around £4m will be required. There is further exposure to exchange rate fluctuations until such time that the council's claim is finally paid.

Note 37 – Financial Instruments

The following categories of financial instruments are carried in the Balance Sheet:

	Long Term		Current	
	31.03.2011	**31.03.2010**	**31.03.2011**	**31.03.2010**
	£'000	**£'000**	**£'000**	**£'000**
Investments				
Loans and receivables (1)	**4,168**	7,620	**28,872**	24,969
Financial assets at fair value through profit and loss	**-**	-	**-**	-
Total Investments	**4,168**	7,620	**28,872**	24,969
Debtors				
Loans and receivables	**-**	-	**-**	-
Financial assets carried at contract amounts	**-**	-	**-**	-
Total Debtors	**-**	-	**-**	-
Other Long Term Liabilities				
PFI and Finance lease liabilities	**9,660**	9,819	**159**	151
Total Other Long Term Liabilities	**9,660**	9,819	**159**	151
Creditors				
Financial liabilities at amortised cost	**-**	-	**-**	-
Financial liabilities carried at contract amounts	**-**	-	**-**	-
Total Creditors	**-**	-	**-**	-

1) Under accounting requirements the carrying value of the financial instrument value is shown in the Balance Sheet which includes the principal amount lent and further adjustments including accrued interest. Accrued interest is shown separately in current assets where the receipts are due within one year. The effective interest rate is effectively accrued interest receivable under the instrument, adjusted for the amortisation of any premiums or discounts reflected in the purchase price.

Unusual Movements

There were no unusual movements during the financial year 2010-11.

Reclassification

There were no re-classifications during the financial year 2010-11.

Financial Instruments Gains and Losses

There were no gains or losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments during 2010-11.

Fair value of Assets and Liabilities

Financial liabilities and financial assets represented by loans and receivables are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- No early repayment or impairment is recognised;
- Where an instrument will mature in the next 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

	31.03.2011		31.03.2010	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
PWLB Debt	-	-	-	-
Non PWLB Debt	-	-	-	-
Total Debt	-	-	-	-
Trade Creditors	(4,499)	(4,499)	(4,239)	(4,239)
Total Liabilities	(4,499)	(4,499)	(4,239)	(4,239)
Investments < 1 year	19,050	19,050	16,878	16,878
Investments > 1 year	4,168	4,168	7,620	7,620
MMF's & Call Accounts	9,822	9,822	8,091	8,091
Bonds	-	-	-	-
Trade Debtors	3,136	3,136	5,382	5,382
Total Loans & Receivables	36,176	36,176	37,971	37,971

Investments held with Icelandic institutions are included within the carrying amount of investments greater than and less than 1 year. Further details on investments held with Icelandic institutions can be found in note 38.

Disclosure of nature and extent of risk arising from Financial Instruments

Key Risks

The Council's activities expose it to a variety of financial risks. The key risks are:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council;
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments;
- Re-financing risk – the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms;
- Market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements.

Overall Procedures for Managing Risk

The Council's overall risk management procedures focus on the unpredictability of financial markets, and are structured to implement suitable controls to minimise these risks. The procedures for risk management are set out through a legal framework based on the Local Government Act 2003 and the associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and investment guidance issued through the Act. Overall these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- by the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations/standing orders/constitution;
- by approving annually in advance prudential and treasury indicators for the following three years limiting:
    - The Council's overall borrowing;
    - Its maximum and minimum exposures to fixed and variable rates;
    - Its maximum and minimum exposures to the maturity structure of its debt;
    - Its maximum annual exposures to investments maturing beyond a year.
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with Government Guidance;

These are required to be reported and approved at or before the Council's annual Council Tax setting budget or before the start of the year to which they relate. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported after each year and as a mid-year update.

The annual treasury management strategy which incorporates the prudential indicators was approved by Council on 28/01/10 and is available on the Council's website. The key issues within the strategy were:

- The Authorised Limit for 2010-11 was set at £1.0m + £9.66m (PFI). This is the maximum limit of external borrowings or other long term liabilities.
- The Operational Boundary was expected to be zero. This is the expected level of debt and other long term liabilities during the year.

These policies are implemented by a central treasury team. The Council maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed periodically.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.
This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poors Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. Additional selection criteria are also applied after this initial criteria is applied. The key areas of the Investment Strategy are that the minimum criteria for investment counterparties include:

- Credit ratings of Short Term of F1, Long Term AA-, Support C+ (Fitch/Moody's only), Support 1 (Fitch only), with the lowest available rating being applied to the criteria.
- UK institutions provided with support from the UK Government;

The full Investment Strategy for 2010-11 was approved by Full Council on 28/01/10.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies of £23,218k cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at the 31 March 2011 that this was likely to crystallize.

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Council does not generally allow credit for its customers, however £2,286k of the £3,136k balance is past its due date for payment. The past due amount can be analysed by age as follows:

	31.03.2011	**31.03.2010**
	£'000	**£'000**
Less than 3 months	**850**	1,089
3 to 6 months	**19**	-
6 months to 1 year	**957**	1,191
More than 1 year	**1,310**	3,102
Total	**3,136**	5,382

Collateral – During the reporting period the council held no collateral as security

Liquidity risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when it is needed.

The Council has ready access to borrowings from the Money Markets to cover any day to day cash flow need, and the PWLB and Money Markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial assets, excluding sums due from customers, is as follows:

	31.03.2011	**31.03.2010**
	£’000	**£’000**
Less than 1 year	**30,698**	26,807
Between 1 and 2 years	**2,439**	6,890
Between 2 and 5 years	**1,400**	1,667
More than 5 years	**1,639**	2,607
Total	**36,176**	37,971

Refinancing and Maturity Risk

The Council does not currently have any debt instrument borrowings and therefore has no exposure to re-financing and maturity risk. The Council does have a long term liability relating to the PFI project and this is detailed in note 33.

Market risk

Interest rate risk - The Council is exposed to interest rate movements on its variable rate investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council’s prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	£000's
Increase in interest payable on variable rate borrowings	-
Increase in interest receivable on variable rate investments	241
Impact on Surplus/Deficit on the Provision of Services	241
Decrease in fair value of fixed rate investment assets	(100)
Impact on Other Comprehensive Income and Expenditure	(100)
Decrease in fair value of fixed rate borrowing liabilities	-

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in Note – Fair Values of Assets and Liabilities carried at amortised Cost.

Price risk - The Council, excluding the pension fund, does not generally invest in equity shares or marketable bonds.
However it does have a shareholding of £66 in a Joint Venture – full details can be found in the Group Accounts section of this statement. Whilst this holding is generally illiquid, the Council is exposed to losses arising from movements in the value of the company.

As the shareholdings have arisen in the acquisition of specific interests, the Council is not in a position to limit its exposure to price movements by diversifying its portfolio. Instead it only acquires shareholdings in return for "open book" arrangements with the company concerned so that the Council can monitor factors that might cause a fall in the value of specific shareholdings.

Foreign exchange risk - The Council has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates, except in relation to Icelandic deposits (see note 38).

PFI – Risks relating to PFI schemes is detailed in note 33.

Note 38 – Impairments of financial Instruments

In October 2008, the Icelandic banks Landsbanki, Kaupthing and Glitnir collapsed and the UK subsidiaries of the banks, Heritable and Kaupthing Singer and Friedlander went into administration. The authority had £12.0m deposited across three of these institutions, with varying maturity dates and interest rates as follows:

	Date invested	Maturity date	Amount invested £000	Interest rate	Carrying amount £000	Impairment £000	Principal Default %
Glitnir	06/11/2007	06/11/2008	2,000	6.22%	2,082	478	0
Kaupthing Singer & Friedlander	16/11/2006	17/11/2008	2,000	5.45%	572	555	18
Kaupthing Singer & Friedlander	07/03/2008	09/03/2009	2,000	5.82%	562	560	18
Landsbanki	04/10/2006	05/10/2009	2,000	5.36%	1,621	597	5.15
Landsbanki	12/10/2006	12/10/2009	2,000	5.45%	1,657	676	5.15
Landsbanki	06/11/2006	06/11/2009	2,000	5.45%	1,651	674	5.15
Total			**12,000**		**8,145**	**3,540**	

All monies within these institutions are currently subject to the respective administration and receivership processes. The amounts and timing of payments to depositors such as the authority will be determined by the administrators / receivers.

The current situation with regards to recovery of the sums deposited varies between each institution. Based on the latest information available the Council considers that it is appropriate to consider an impairment adjustment for the deposits, and has taken the action outlined below. As the available information is not definitive as to the amounts and timings of future payments to be made by the administrators / receivers, it is likely that further adjustments will be made to the accounts in future years.

Kaupthing Singer and Friedlander Ltd

The current position on actual payments received and estimated future payouts is as shown in the table The authority has decided to recognise an impairment based on it recovering 82p in the £.

Date	Repayment
Received to date	53.0%
May 2011	5.00%
January 2012	8.00%
July 2012	8.00%
January 2013	8.00%

Recoveries are expressed as a percentage of the Council's claim in the administration, which includes interest accrued up to 7 October 2008.

Landsbanki

Landsbanki Islands hf is an Icelandic entity. Following steps taken by the Icelandic Government in early October 2008 its domestic assets and liabilities were transferred to a new bank (new Landsbanki) with the management of the affairs of Old Landsbanki being placed in the hands of a resolution committee. The current position on estimated future payouts is as shown in the table below and this council has used these estimates to calculate the impairment based on recovering 94.85p in the £.

Date	Repayment
Received to date	0.00%
December 2011	22.17%
December 2012	8.87%
December 2013	8.87%
December 2014	8.87%
December 2015	8.87%
December 2016	8.87%
December 2017	8.87%
December 2018	19.46%

Recovery is subject to the following uncertainties and risks:

- Whilst the Icelandic courts have initially confirmed that deposits enjoy preferential creditor status, this is currently subject to appeal.
- The impact of exchange rate fluctuations on the value of assets recovered by the resolution committee and on the settlement of the authority's claim, which may be denominated wholly or partly in currencies other than sterling.
- Settlement of the terms of a 'bond' which will allow creditors of old Landsbanki to enjoy rights in New Landsbanki.

Failure to secure preferential creditor status would have a significant impact upon the amount of the deposit that is recoverable. The total assets of the bank only equate to one third of its liabilities, assuming that the Bond remains at its current value. Based on initial estimates, if preferential creditor status is not achieved the recoverable amount may only be 33p in the £.

Recoveries are expressed as a percentage of the authority's claim in the administration, which it is expected may validly include interest accrued up to 22 April 2009 [or maturity date if earlier].

Glitnir Bank hf

Glitnir Bank hf is an Icelandic entity. Following steps taken by the Icelandic Government in early October 2008 its domestic assets and liabilities were transferred to a new bank (new Glitnir) with the management of the affaires of Old Glitnir being placed in the hands of a resolution committee. Old Glitnir's affairs are being administered under Icelandic law. This indicates that full recovery of the principal and interest to 22 April 2009 is likely to be achieved. Recovery is subject to the following uncertainties and risks:

Whilst the Icelandic courts have initially confirmed that deposits enjoy preferential creditor status, this is currently subject to appeal.

The impact of exchange rate fluctuations on the value of assets recovered by the resolution committee and on the settlement of the authority's claim, which may be denominated wholly or partly in currencies other than sterling.

Settlement of the terms of a 'bond' which will allow creditors of old Glitnir to enjoy rights in New Glitnir.

The authority has therefore decided to recognise an impairment based on it recovering the full amount of principal and interest up to 22 April 2009 [or maturity date if earlier] in the future. The impairment therefore reflects the loss of interest to the authority until the funds are repaid.

Failure to secure preferential creditor status would have a significant impact upon the amount of the deposit that is recoverable. The total assets of the bank only equate to 40% of its liabilities, assuming that the Bond remains at its current estimated value. Based on initial estimates, if preferential creditor status is not achieved the recoverable amount may only be 40p in the £.

No information has been provided by the resolution committee about the timing of any payments to depositors. Since the value of deposits is small compared to the total asset value of the bank, in calculating the impairment the authority has therefore followed the CIPFA Guidance that the repayment of priority deposits will be made by December 2011.

Recoveries are expressed as a percentage of the authority's claim in the administration, which it is expected may validly include interest accrued up to 22 April 2009.

Accounting for Impairment

The total impairment (principal plus interest not received) was recognised in the Income and Expenditure Account in 2009-10. changes to assumptions in 2010-11 have led to a reversal of some of that impairment (£343k) and this was been calculated by discounting the assumed cash flows at the effective interest rate of the original deposits in order to recognise the anticipated loss of interest to the authority until monies are recovered.

Adjustments to the assumptions will be made in future accounts as more information becomes available.

Note 39 – Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statements of Accounts are:

- Assets held for sale – The Code gives strict criteria which have to be met before assets can be classified as ‘held for sale’. At 31 March 2011 the Old Dereham Swimming Pool site met these criteria and is therefore shown under the Assets held for sale category on the Balance Sheet.
- PFI scheme – Based on the scope of the Code and IFRIC 12, the Council has concluded that the leisure PFI scheme falls under the scope of IFRIC 12 and the PFI scheme and assets are therefore accounted for on an on-balance sheet basis. The Accounting Policy for PFI (note 1) details judgements made in applying capital spend to the assets held on the Balance Sheet.
- Categorisation of assets – The Code gives strict criteria for assets held as Investment Properties. For the Council, those assets which are held for rental by the commercial property department and those assets which are held purely to gain capital appreciation (with a formal plan/policy detailing this) are classified as investment properties. Surplus land held by the Council which may be subject to capital appreciation, but is not part of a formal plan/policy is held as Surplus property plant & equipment.
- Provisions – Provisions made for the legal cases and compensation claims are prudent estimates made for ‘live’ cases and are expected to be resolved within the next 12 months. The provision made for redundancy costs are based on events which have occurred and the amounts are as expected to be paid out in 2011-12.
- Contingent liabilities – Details of the investments held in Icelandic banks and judgements made relating to these are detailed in note 38.

Note 40 – Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statements of Accounts contain estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.
The items in the Council’s Balance Sheet at 31 March 2011 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged by the Council to provide expert advice about the assumptions to be applied.	The pensions note provides full details of the assumptions made and also a table showing a sensitivity analysis.

Note 41 – Events After the Balance Sheet Date

The statements of Accounts were authorised for issue by the Head of Finance on 17th June 2011. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2011, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Note 42 – Material Items of Income and Expense

There were no unusual material items of income or expense during 2010-11.

Note 43 – Accounting Standards Issued But Not Yet Adopted

The Code of Practice on Local Authority Accounting in the UK 2011-12 has introduced a change in accounting policy in relation to the treatment of heritage assets held by the Council, which will need to be adopted fully by the Council in the 2011-12 financial statements.

The Council is required to disclose information relating to the impact of the accounting change on the financial statements as a result of the adoption by the Code of a new standard that has been issued, but is not yet required to be adopted by the Council, in this case heritage assets. The council is required to make disclosure of the estimated effect of the new standard in these financial statements.

Heritage assets are assets that are held by the council principally for their contribution to knowledge or culture. The heritage assets currently held by the Council are historic buildings and land sites which are used as museums. These are currently held in the Balance Sheet as Community Assets at a carrying amount of £390k. The new standard will require that a new class of asset "Heritage Assets" is disclosed separately on the face of the Council's Balance Sheet in the 2011-12 financial statements. It is not anticipated that this change will have any material financial effect in relation to revaluations gains or losses or depreciation or impairment.

Note 44 – First Time Adoption

The Statement of Accounts for 2010-11 is the first to be prepared on an IFRS basis. Adoption of the IFRS-based Code has resulted in the restatement of various balances and transactions, with the result that some amounts presented in the financial statements are different from the equivalent figures presented in the Statement of Accounts 2009-10.

The following table explains the material differences between the amounts presented in the 2009-10 financial statements and the equivalent amounts presented in the 2010-11 financial statements.

Reconciliation of Net Worth reported under previous GAAP to Net Worth under IFRS at the date of transition to IFRS (1 April 2009) and the end of the latest period presented in the most recent financial statements under previous GAAP (31 March 2010)

	Note Ref	31.03.2010 £000's	01.04.2009 £000's
Net assets under previous GAAP		**41,261**	**63,607**
Adjustments:			
Short-term accumulating compensated absences	1	(54)	(86)
Leases	2	(492)	(488)
Government Grants	3	569	667
Non-current assets	4	329	329
Net assets under IFRS		**41,613**	**64,029**

Reconciliation to Total Comprehensive Income and Expenditure under IFRS for the latest period in the most recent annual financial statements (Year Ended 31 March 2010)

	Note Ref	31.03.2010 £000's
Total comprehensive income & expenditure under previous GAAP		**22,346**
Adjustments:		
Short-term accumulating compensated absences	1	(32)
Leases	2	4
Government Grants	3	98
Non-current assets		-
Total comprehensive income and expenditure under IFRS		**22,416**

Notes

1) Short term accumulating compensated absences:

Short term accumulating absences refers to benefits that employees receive as part of their contract of employment, entitlement to which is built up as they provide services to the Council. The most significant benefit covered by this heading is holiday pay and in Breckland Council's case this is the only material element which has been adjusted for under IFRS.

Employees build up an entitlement to paid holidays as they work. Under the Code, the cost of providing holidays and similar benefits is required to be recognised when employees render services that increase their entitlement to future compensated absences. As a result, the Council is required to accrue for any annual leave earned but not taken as 31 March each year. Under the previous accounting arrangements, no such accrual was required.

The Government has issued regulations that mean local authorities are only required to fund holiday pay and similar benefits when they are used, rather than when employees earn the benefits. Amounts are transferred to the Accumulated Absences Account until the benefits are used.

Accruing for short-term accumulating compensated absences has resulted in decreases of net assets in the Balance Sheet as at 1 April 2001 and as at 31 March 2010 of £86k and £54k respectively; being increases in accruals, with corresponding decreases in the year end balance on the Accumulated Absences Account (an unusable reserve). The impact on the Comprehensive Income and Expenditure Statement is a decrease of £32k in 2009-10, reflecting the movement in the accrual.

2) Leases:

Under the Code, leases of property are accounted for as separate leases of land and buildings. Previously each property lease would have been accounted for as a single lease. The change in accounting treatment can result in the land or buildings element of the lease being accounted for as an operating lease where it was previously treated as a finance lease; or as a finance lease where it was previously treated as an operating lease.

The Government has issued regulations and statutory guidance in relation to accounting for leases. Under these arrangements, the annual charge to the General Fund (where the Council is the lessee) will be unchanged. Where the Council is the lessor, the regulations allow the Council to continue to treat the income from existing leases in the same way as it accounted for the income prior to the introduction of the Code.

The council has two property leases where the accounting treatment has changed following the introduction of the Code. The Council leases Barnham Broom Golf Club on a 50 year lease which started in August 2006. The Council also leases the Merle Boddy Centre on a 60 year lease which started in May 2006. These leases were previously classified as operating leases, but under the code have been classified as finance leases.

As a consequence of this change in lease classification, the financial statements have been amended as follows:

- The Council has de-recognised the assets and recognised a long-term debtor for the finance lease re-payments.
- The interest element of the lease repayment has been credited to “financing and investment income and expenditure” in the Comprehensive Income and Expenditure Statement and it was previously recognised in the “Surplus/Deficit on Trading Undertakings”.
- The principal element of the lease repayment has been credited to the long-term debtor to reduce the total amount owing.
- The principal element of the lease repayment has been credited to the General fund via the Movement in Reserves Statement with the opposite entry being deferred capital receipts, which is an unusable reserve.

The net impact of the above is:

- A decrease in net assets at the 1 April 2009 of £488k; being a decrease in investment property of £5,040k, an increase in long term debtors of £4,552k, an increase in deferred capital receipts of £4,552 and a decrease in the capital adjustment account of £5,040k.

- A decrease in net assets at the 31 March 2010 of £492k; being a decrease in investment property of £5,040k, an increase in long term debtors of £4,548k, an increase in deferred capital receipts of £4,548 and a decrease in the capital adjustment account of £5,040k.

3) Government and Non Government Grants:

Under the Code, grants and contributions for capital schemes are recognised as income when they become receivable. Previously grants were held in a grants deferred account and recognised as income over the life of the assets which they were used to fund.

As a consequence of adopting the accounting policy required by the code, the financial statements have been amended as follows:

- The balance on the Government Grants Deferred Account at 31 March 2009 has been transferred to the Capital Adjustment Account in the opening 1 April 2009 Balance Sheet. This has resulted in the balance shown on the Capital Adjustment Account in the IFRS accounts being £332k and £517k higher than shown under the 1 April 2009 and 31 March 20101 previous GAAP based accounts respectively.
- The balance on the capital contributions un-applied account is now included in the usable reserves which is shown in a different section of the Balance Sheet, therefore the net assets have reduced by £335k and £52k under the 1 April 2009 and 31 March 2010 previous GAAP based accounts respectively.
- Portions of grants deferred were previously recognised as income in 2009-10 (£98k), these have been removed from the Comprehensive Income and Expenditure Statement in the comparative figures (£78k from cultural environment & planning services and £20k from housing services).

There is no change to the General Fund Balance as capital grant income is transferred out of the General Fund under both the previous and current accounting policies.

4) Non-current assets

Under the Code the classification of some assets has changed and this has resulted in valuations of assets being carried out under a different basis in the IFRS based accounts compared to the previous GAAP based accounts.

As a consequence of this change, the financial statements have been amended as follows:

- The balance of Non-current Assets has increased by £329k and the balance on the Capital Adjustment Account has increased by £329k.

Note 45 - Notes to the Cash Flow Statement

Operating Activities

The cash flows for operating activities include the following items:

	2010-11 £'000	2009-10 £'000
Interest received	**(1,143)**	(890)
Interest paid	**564**	555
Dividends received	**-**	-

Investing Activities

	2010-11 £'000	2009-10 £'000
Purchase of property, plant and equipment, investment property & intangible assets	**5,678**	3,243
Purchase of short and long term investments	**25,709**	85,788
Proceeds from the sale of property plant and equipment, investment property & intangible assets	**(1,257)**	(126)
Proceeds from short and long term investments	**(27,456)**	(88,038)
Other receipts/payments for investing activities	**(1,251)**	98
Total cash flows from investing activities	**1,423**	**965**

Financing Activities

	2010-11 £'000	2009-10 £'000
Billing Authorities – Council Tax and NNDR adjustments	**(2,108)**	822
Cash payments for the reduction of the outstanding liabilities relating to PFI contracts	**151**	143
Other receipts for financing activities	**-**	-
Total cash flows from investing activities	**(1,957)**	**965**

COMMERCIAL PROPERTY TRADING ACCOUNT

	2010-11 BUDGET £'000	2010-11 ACTUAL £'000	2010-11 VARIANCE £'000	2009-10 ACTUAL £'000
Expenditure				
Repairs and Maintenance	112	**128**	(16)	109
Insurance	78	**76**	2	79
Promotion (Excluding Salaries)	17	**20**	(3)	23
Provisions	-	**59**	(59)	1,000
Administration & Miscellaneous	270	**332**	(62)	525
Changes in fair value	-	**18**	(18)	593
Total Expenditure	477	**633**	(156)	2,329
Income				
Factory Rents	(2,085)	**(1,692)**	(393)	(2,186)
Bad Debts Provision	-	**-**	-	(186)
Insurances	(55)	**(116)**	61	(55)
Miscellaneous	(33)	**(66)**	33	(78)
Miscellaneous Government grant	-	**(36)**	36	-
Total Income	(2,173)	**(1,910)**	(263)	(2,505)
(Surplus)/Deficit posted to the Comprehensive Income and Expenditure Stmt	(1,696)	**(1,277)**	(419)	(176)
Adjustment for LABGI funding	-	**(2)**	2	-
Adjustment for changes in fair value	-	**(18)**	18	(593)
Adjustment for interest paid	-	**300**	(300)	-
Adjustment for finance lease income received	-	**(485)**	485	-
Trading (Surplus) for the Year	(1,696)	**(1,482)**	(214)	(769)
Commercial Property Reserve Balance				
Balance at the beginning of the Year	(1,231)	**(1,231)**	-	(2,352)
Contribution (to)/from Reserve	1,897	**1,918**	21	1,890
(Surplus)/Deficit for the Year	(1,696)	**(1,482)**	214	(769)
Reserve balance at end of year	(1,030)	**(795)**	235	(1,231)

COMMERCIAL PROPERTY TRADING ACCOUNT

The Council maintains industrial estates in five towns within the district - Attleborough, Dereham, Swaffham, Thetford and Watton. It has a number of serviced units at the EcoTech Business Park, Swaffham and Barnham Broom.

After adjusting for the changes due to revised accounting treatment for leases and changes in fair value of investment properties, contribution from LABGI funding, the trading surplus for 2010-11 was £1,482k an increase of £713k on the previous year. This increase was mainly due to:

- The 2009-10 actual costs held a one off charge on £1,000k relating to a provision
- Interest of £300k has been paid in 2010-11 relating to a major tenant

£1,918k from the surplus of the Commercial Property Reserve was contributed to support the General Fund and other Council services.

THE COLLECTION FUND

This account reflects the statutory requirements for billing authorities to maintain a separate Collection Fund, which shows the transactions of the billing Authority in relation to non-domestic rates and the Council Tax, and illustrates the way in which these have been distributed to preceptors (i.e. local authorities and the Government) and the General Fund.

Collection Fund Revenue Account

	2010-11		2009-10	
	£'000	**£'000**	**£'000**	**£'000**
Income				
Council Tax Payers	**(53,415)**		(51,791)	
Council Tax Benefits	**(8,865)**	**(62,280)**	(8,445)	(60,236)
Payments in Lieu of Council Tax		**(328)**		(353)
Non-Domestic Ratepayers		**(25,424)**		(25,510)
Bad Debts Provision - Council Tax		**467**		(476)
Breckland Council – Deficit		**(101)**		-
Norfolk County Council – Deficit		**(978)**		-
Police Authority – Deficit		**(161)**		-
		(88,805)		(86,575)
Expenditure				
Precepts : Norfolk County Council	**48,709**		47,254	
Police Authority	**8,131**		7,804	
Breckland Council	**5,165**	**62,005**	5,048	60,106
Non-Domestic Rate Collection Costs		**169**		171
Provision for Bad & Doubtful Debts – Council Tax		**268**		260
Provision for Bad & Doubtful Debts – NNDR		**50**		139
Amounts written back		**(145)**		(293)
Breckland Council – Surplus		**-**		35
Norfolk County Council – Surplus		**-**		342
Police Authority – Surplus		**-**		56
NNDR Contribution		**25,176**		25,174
Interest - NNDR Refunds		**28**		26
		87,551		86,016
Fund Balance at Beginning of the Year		**681**		1,240
(Surplus)/Deficit for the Year		**(1,254)**		(559)

Fund Balance at end of year	**(573)**	681

Notes to the Collection Fund

1. **Income from Non-Domestic Rates**
   The total non-domestic rateable value at 31st March 2011 was £74,592,686 and the national non-domestic multiplier for the year was £0.414 (£0.407 for small businesses).
2. **Council Tax**
   The Council Tax base for 2010-11 was as follows:

	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
No. of chargeable dwellings	14,762	16,233	12,874	6,844	3,822	1,396	673	56	56,660
Band D equivalent	9,841	12,626	11,444	6,844	4,671	2,016	1,122	112	48,676

   2010-11 figures as approved January and February 2010.

3. **Precepts and Demands on the Collection Fund**
   The major precepting authorities, their precepts and share of the fund balance are shown in the table below.

	2010-11 Precept/Demand £'000	Share of Balance 31.03.2011 £'000	2010-11 Total £'000	2009-10 Total £'000
Norfolk County Council	**48,709**	**452**	**49,161**	46,717
Norfolk Police Authority	**8,131**	**75**	**8,206**	7,716
Breckland Council	**5,165**	**46**	**5,211**	4,992
	62,005	**573**	**62,578**	59,425

Introduction

The Code requires local authorities with interests in subsidiaries, associates and joint ventures to prepare Group Accounts in addition to their single entity financial statements. A review of the Council's relationships with other bodies is carried out each year to consider whether it is appropriate to prepare group accounts.

Anglia Revenues Partnership Trading Ltd

The Council has an interest in Anglia Revenues Partnership (ARP) Trading Ltd and this is consolidated into the Group Accounts as a Joint Venture. ARP Trading was set up in 2006 and the main business of the entity in 2010-11 was the provision of revenue and benefits services and a housing register contract to local authorities. This arrangement is a legal entity conducted under joint control with 50:50 voting rights and financial share 66:34 between Breckland Council and Forest Heath District Council respectively.

Transactions between Breckland Council and ARP Trading Ltd are detailed in note 31 on related party transactions shown within the main financial statements.

No Dividend was paid out to shareholders during 2010-11 or 2009-10.

Based on an independent valuation by market professionals, the fair value of the Council's shareholding in ARP Trading Ltd is valued at £112,200 as at 31st March 2011 and is held within long term investments on the Balance Sheet.

Copies of full accounts of ARP Trading Ltd can be obtained from:

ARP Trading Ltd
Breckland House
St Nicholas Street
Thetford
IP24 1BT

Group Movement in Reserves Statement

	General Fund Balance £'000	Ear-marked GF Reserves £'000	Capital Receipt Reserve £'000	Capital Grants Un-applied £'000	Total Usable Reserves £'000	Un-usable Reserves £'000	Total Reserves £'000	Council's share of Joint Venture £'000	Total Group Res-erves £'000
Balance as at 1 April 2009	5,164	7,355	4,790	335	17,644	46,385	64,029	(196)	63,833
Surplus/(Deficit) on the provision of services	(3,882)	-	-	-	(3,882)	-	(3,882)	77	(3,805)
Surplus/(Deficit) on revaluation of fixed assets	-	-	-	-	-	1,177	1,177	-	1,177
Actuarial gains/(losses) on pension assets/liabilities	-	-	-	-	-	(19,706)	(19,706)	(655)	(20,361)
Comprehensive Income and Expenditure	(3,882)	-	-	-	(3,882)	(18,529)	(22,411)	(578)	(22,989)
Adjustments between accounting basis & funding basis under regulations	4,072	-	(2,665)	(283)	1,124	(1,128)	(4)	-	(4)
Net increase/decrease before transfers to Earmarked Reserves	190	-	(2,665)	(283)	(2,758)	(19,657)	(22,415)	(578)	(22,993)
Transfers (to)/from Earmarked Reserves	(536)	504	-	-	(32)	32	-	-	-
Increase/(decrease) for year	(346)	504	(2,665)	(283)	(2,790)	(19,625)	(22,415)	(578)	(22,993)
Adjust for intra group (profits)/losses & valuation	-	-	-	-	-	-	-	618	618
Balance as at 31 March 2010	4,818	7,859	2,125	52	14,854	26,760	41,614	(156)	41,458
Balance as at 1 April 2010	**4,818**	**7,859**	**2,125**	**52**	**14,854**	**26,760**	**41,614**	**(156)**	**41,458**
Surplus/(Deficit) on the provision of services	(357)	-	-	-	(357)	-	(357)	115	(242)
Surplus/(Deficit) on revaluation of fixed assets	-	-	-	-	-	2,094	2,094	-	2,094
Actuarial gains/(losses) on pension assets/liabilities	-	-	-	-	-	11,093	11,093	53	11,146
Comprehensive Income and Expenditure	**(357)**	**-**	**-**	**-**	**(357)**	**13,187**	**12,830**	**168**	**12,998**
Adjustments between accounting basis & funding basis under regulations	30	-	(2,125)	(45)	(2,140)	2,140	-	-	-
Net increase/decrease before transfers to Earmarked Reserves	**(327)**	**-**	**(2,125)**	**(45)**	**(2,497)**	**15,327**	**12,830**	**168**	**12,998**
Transfers (to)/from Earmarked Reserves	(411)	418	-	(7)	-	-	-		
Adjust for intra group (profits)/losses & valuation	-	-	-	-	-	-	-	(116)	(116)
Increase/(decrease) for year	**(738)**	**418**	**(2,125)**	**(52)**	**(2,497)**	**15,327**	**12,830**	**52**	**12,882**
Balance as at 31 March 2011	**4,080**	**8,277**	**-**	**-**	**12,357**	**42,087**	**54,444**	**(104)**	**54,340**

Group Comprehensive Income and Expenditure Statement

	Gross Expenditure 2010-11 £'000	Gross Income 2010-11 £'000	Net Expenditure 2010-11 £'000	Gross Expenditure 2009-10 £'000	Gross Income 2009-10 £'000	Net Expenditure 2009-10 £'000
Expenditure on Services						
Central services to the public	**2,753**	**(1,471)**	**1,282**	2,698	(1,633)	1,065
Cultural, environmental, regulatory and planning services	**20,067**	**(6,622)**	**13,445**	15,798	(5,148)	10,650
Highways and transport services	**1,252**	**(253)**	**999**	1,393	(448)	945
Housing services	**46,595**	**(43,135)**	**3,460**	41,676	(39,518)	2,158
Corporate and democratic core	**3,391**	**(1,053)**	**2,338**	3,239	(534)	2,705
Non distributed costs	**2,957**	**(8,158)**	**(5,201)**	2	(-)	2
Cost of Services	**77,015**	**(60,692)**	**16,323**	64,806	(47,281)	17,525
Other operating expenditure	**2,429**	**(-)**	**2,429**	2,855	(-)	2,855
Financing and investment income and expenditure	**5,860**	**(6,847)**	**(987)**	6,386	(5,866)	520
Taxation and non specific grant income	**-**	**(17,408)**	**(17,408)**	-	(17,018)	(17,018)
(**Surplus)/Deficit on Provision of Services**	**85,304**	**(84,947)**	**357**	74,047	(70,165)	3,882
Joint Ventures accounted for on an equity basis	**1,012**	**(1,127)**	**(115)**	1,234	(1,314)	(80)
Tax expenses	**-**	**-**	**-**	3	-	3
Group (Surplus)/Deficit	**86,316**	**(86,074)**	**242**	**75,284**	**(71,479)**	**3,805**
(Surplus)/Deficit on revaluation of PPE assets			**(2,094)**			(1,177)
Actuarial (gains)/losses on pension assets/liabilities			**(11,146)**			20,361
Other Comprehensive Income and Expenditure			**(13,240)**			19,184
Total Comprehensive Income and Expenditure			**(12,998)**			22,989

Group Balance Sheet

GROUP ACCOUNTS

		31 March 2011		31 March 2010		1 April 2009	Notes
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	
Non Current Assets							
Property Plant and Equipment	**29,770**		30,941		30,581		
Investment Property	**20,735**		22,097		21,109		
Intangible Assets	**269**		227		120		
Total Non Current Assets		**50,774**		53,265		51,810	
Long-term investments		**4,168**		7,620		6,476	
Long term debtors		**5,699**		5,411		5,185	
Investments in Joint Ventures		**8**		55		464	
Total long-term assets		**60,649**		66,351		63,935	
Current Assets							
Short-term investments	**19,050**		16,879		20,198		
Short-term debtors	**6,463**		12,570		9,753		
Cash and cash equivalents	**9,024**		7,008		6,182		
Assets held for sale	**975**		-		-		
Total Current Assets		**35,512**		36,457		36,133	
Total Assets		**96,161**		102,808		100,068	
Current Liabilities							
Cash and cash equivalents	**(-)**		(-)		(-)		
Short-term creditors	**(11,865)**		(12,280)		(8,522)		
Provisions	**(297)**		(1,270)		(25)		
Total Current Liabilities		**(12,162)**		(13,550)		(8,547)	
Total Assets less Current Liabilities		**83,999**		89,258		91,521	
Long Term Liabilities							
Long-term creditors	**(-)**		(-)		(-)		
Provisions	**(-)**		(-)		(-)		
Other long-term liabilities	**(27,451)**		(45,986)		(25,818)		
Capital grants receipts in advance	**(2,208)**		(1,814)		(1,870)		
Total Long-term Liabilities		**(29,659)**		(47,800)		(27,688)	
Net Assets		**54,340**		41,458		63,833	
Financed By:-							
Usable reserves		**(12,357)**		(14,854)		(17,644)	
Un-usable reserves		**(41,975)**		(26,549)		(45,725)	
Reserves of Joint Ventures		**(8)**		(55)		(464)	
Total Net Worth		**(54,340)**		(41,458)		63,833	

GROUP ACCOUNTS

I certify that the Group Statements of Accounts on pages 92 to 99 present a true and fair view of the financial position of the Group as at 31st March 2011 and its income and expenditure for the year then ended.

Chief Finance Officer:

Date:

Group Cash Flow Statement

	2010-11		2009-10		Notes
	£'000	**£'000**	**£'000**	**£'000**	
Net (surplus) or deficit on the provision of services	**357**		3,882		
Adjust net surplus or deficit on the provision of services for non-cash movements	**(31,298)**		(94,192)		
Adjust for group cash flows	**(240)**		(32)		
Dividends received from Joint Ventures	**-**		-		
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	**29,459**		87,554		
Net Cash Flows from Operating Activities		**(1,722)**		(2,788)	
Net Cash Flow from Investing Activities		**1,423**		965	
Net Cash Flows from Financing Activities		**(1,957)**		965	
Net (Increase)/Decrease in Cash and Cash Equivalents		**(2,256)**		(858)	
Cash & cash equivalents at the beginning of the reporting period		**7,008**		6,182	
Cash and cash equivalents at the end of the reporting period		**9,264**		7,040	

Notes to the Group Accounts

Note 1 – Disclosure of Interest in Other Entities

The Code requires local authorities with interests in subsidiaries, associates and joint ventures to prepare Group Accounts in addition to their single entity financial statements. The financial statements on pages 92 to 97 show the Group Accounts for Breckland Council. These have been consolidated using the equity method.

Note 2 – Details on Consolidation

The following disclosures are required for ARP Trading Ltd as the Council's interest exceeds the 25% threshold for accounting purposes:-

	2010-11 £'000 ARPT	**2010-11 £'000 BC 66% Share**	**2009-10 £'000 ARPT**	**2009-10 £'000 BC 66% Share**
Turnover	**(1,707)**	**(1,127)**	(1,964)	(1,296)
Cost of sales	**1,225**	**809**	1,390	917
Gross Profit	**(482)**	**(318)**	(574)	(379)
Administrative Expenses	**355**	**234**	515	340
Other operating income	**(51)**	**(33)**	(36)	(23)
Profit Before Interest and Tax	**(178)**	**(117)**	(95)	(62)
Interest Receivable	**-**	**-**	(2)	(1)
Other finance income	**3**	**2**	(25)	(17)
Taxation	**-**	**-**	5	3
Profit After Interest and Tax	**(175)**	**(115)**	(117)	(77)
Fixed Assets	**7**	**5**	8	5
Current Assets	**299**	**197**	502	332
Share of gross assets	**306**	**202**	510	337
Liabilities due within one year	**(118)**	**(78)**	(322)	(213)
Liabilities due after one year	**(44)**	**(29)**	(299)	(198)
Share of gross liabilities	**144**	**95**	(111)	(74)
Adjust for profit on intra company activities		**(87)**		129
Net Assets	**144**	**8**	(111)	55

Note 3 – Accounting Policies

The financial statements of ARP Trading Ltd have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007) and therefore not under IFRS. There are no significant differences in the accounting policies of ARP Trading Ltd and Breckland Council that would cause a material adjustment in the consolidation of the Group Accounts. However, this consolidation is carried out based on the draft ARP Trading statement of accounts and is prepared on an IAS 19 basis, however it is understood that ARP Trading Ltd is likely to approve their accounts on a non IAS 19 basis.

There are no additional notes which require disclosure for these Group Accounts other than those already included within the single entity accounts.

Note 4 – Contingent Liabilities

There are no contingent liabilities for 2010-11 relating to the interests in Joint Ventures or in the Joint Ventures themselves.

Note 5 – Capital Commitments

There are no capital commitments for 2010-11 (None for 2009-10) relating to the interests in Joint Ventures or in the Joint Ventures themselves.

Chairman’s Declaration

I confirm that these accounts were approved by the Audit Committee at the meeting held on 30 September 2011.

Signed on behalf of Breckland Council:

Chairman of the Audit Committee:

Date: 30 September 2011

Independent auditor's report to Members of Breckland Council

ACCOUNTING POLICIES – Those principles, conventions, rules and practices applied by the Council that specify how the effects of transactions and other events are to be reflected in the financial statements though:

- Recognising
- Selecting measurement bases for, and
- Presenting assets, liabilities, gains and losses and changes to reserves

ACCRUALS - The concept that income and expenditure are included in the records as they are earned or incurred, not as money is received or paid.

ACTUARY – An expert on pension scheme assets and liabilities.

ACTUARIAL GAINS AND LOSSES (RELATES TO IAS 19 - PENSIONS) – For a defined benefit scheme, the changes in actuarial deficits or surpluses that arise because:

- Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses)
- The actuarial assumptions have changed

AMORTISATION – The writing down in value of intangible assets, which is charged to service revenue accounts to reflect the cost of such assets, used in the provision of those services. This is the equivalent of depreciation for non-current assets.

ASSET – Something that the authority owns that has monetary value. Assets are either “current” or “non-current (fixed)”

AUDIT OF ACCOUNTS – An independent examination of the Council’s accounts to ensure that they comply with the necessary legislation and follow best accounting practice. The Council’s accounts are audited by the Audit Commission.

BUDGET - A statement of a Council’s plans for revenue and capital expenditure over a specified period of time.

CAPITAL EXPENDITURE - Expenditure on buying or developing major assets, which will be used by the authority for more than a year. For example, buildings, computer hardware and significant pieces of equipment.

CAPITAL GRANT - A grant received towards the capital expenditure incurred on a particular service or project. A local authority can also make capital grants.

CAPITAL RECEIPTS - Proceeds from the sale of assets, e.g. land and buildings.

CARRYING VALUE – An accounting measure of value, where the asset is based on the figure in the Balance Sheet. For assets, the value is based on the original cost of the asset less any depreciation, amortization or impairment costs made against the asset.

CIPFA – The Chartered Institute of Public Finance and Accountancy, who are the leading professional accountancy body for public services.

CODE OF PRACTICE – Sets out proper accounting principles and practices required for the statements of accounts, in accordance with the statutory framework for accounts, as established for England and Wales. The aim is to produce financial statements which “present a true and fair view” of the financial position of the Council.

CONTINGENT ASSETS AND LIABILITIES – A condition which exists at the Balance Sheet date, where the outcome will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events.

COUNCIL TAX – This is a banded property tax set by local authorities in order to meet their budget requirements. There are eight bands (Band A to Band H), set by the District Valuer according to the value of the property. The amount each household pays depends on the value of their property.

CREDITOR - An amount owed by us to someone else for which payment has not been made.

CURRENT ASSET - An asset where the value may change on a daily basis, e.g. cash balances and debtors.

CURRENT LIABILITY - An amount which will become payable or could be called in within the next year, e.g. creditor, cash overdrawn.

DEBT IMPAIRMENT – Outstanding amounts owed to the Council which are highly unlikely to be collected.

DEBTOR - An amount due to us but not received at the balance sheet date.

DEPRECIATION - The measure of the wearing out, consumption or other reduction in the useful economic life of an asset, whether arising from use, flow of time or obsolescence through technological or other changes.

FAIR VALUE – The fair value of an asset is the price at which it could be exchanged in an “arms length” transaction, less where applicable, any grants receivable towards the purchase or use of that asset.

FINANCE LEASE – A lease which transfers substantially all the risks and rewards of ownership of an asset (even though title to the asset may not be transferred).

FINANCIAL INSTRUMENTS – Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another, such as trade payables and receivables, borrowings, bank deposits and investments.

FINANCIAL REPORTING STANDARD (FRS) – Accounting standards developed by the Accounting Standards Board that are primarily applicable to general purpose company accounts. These standards are adopted by the CIPFA Statement of Recommended Practice except where the standards conflict with specific statutory requirements.

GENERAL FUND - The main revenue account of a local authority which summarises the cost of all services provided by the council which are paid for from council tax, government grants and other income.

GOING CONCERN – The accounts have been prepared on the assumption that the Council will continue to provide operational services for the foreseeable future.

GOVERNMENT GRANTS - Grants by government towards either the revenue or capital cost of local authority services. These may be either in respect of particular services or purposes, called specific and supplementary grants, or in aid of local services generally, e.g. revenue support grant.

HOUSING BENEFITS – A national system for giving financial assistance to individuals towards certain housing costs. The cost of the service is subsidized by central government.

IMPAIRMENT - Impairment of non-current assets relates to downward revaluation of assets during the year caused by clear consumption of economic benefit and is recognised in the Comprehensive Income and Expenditure Statement.

IMPROVEMENT GRANTS - Statutory or discretionary payments that local authorities make to tenants or homeowners to enable them to bring dwellings up to modern standards. Also known as Renovation Grants. Disabled Facilities Grants are statutory, and these attract subsidy from the government.

INFRASTRUCTURE ASSETS – Non-current assets that cannot be transferred to another, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways and footpaths.

INTANGIBLE ASSETS - An item in a balance sheet where there is no tangible asset but the asset has continuing value to the Authority at the Balance Sheet date, e.g. computer software licences.

INTERNATIONAL ACCOUNTING STANDARD (IAS) - Accounting standards developed by the International Accounting Standards Board that are primarily applicable to general purpose company accounts. These standards are adopted by the CIPFA Code of Practice except where the standards conflict with specific statutory requirements.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) –Financial reporting standards developed by the International Accounting Standards Board.

LIABILITY – A liability arises when the Council owes money to others and it must be included in the financial statements.

LOCAL AUTHORITY BUSINESS GROWTH INCENTIVE (LABGI) – A grant paid to local authorities in respect of business growth.

MATERIALITY – In using its professional judgment the Council has considered the size and nature of any transaction, or set of transactions. An item is considered to be material where its omission or misstatement would reasonably change the substance of the information presented in the accounts.

MINIMUM REVENUE PROVISION (MRP) - Under the Local Government and Housing Act 1989 there is a requirement to set aside an amount from revenue, the MRP, for the repayment of external loans.

NATIONAL NON DOMESTIC RATES (NNDR) – The rates, payable by businesses on their properties, are calculated by applying a nationally determined multiplier to the rateable value of the property. This is collected by the Council and paid to the Government, which then redistributes to local authorities based on a standard amount per head.

NET BOOK VALUE – The value of non-current assets less the accumulated amount of depreciation/amortization.

NON-CURRENT ASSET - An asset that has value beyond one financial year.

OPERATING LEASES - Leases under which the ownership of the asset remains with the lessor and consequently are outside the Government's system of capital controls.

PRECEPT - The method by which a local authority obtains the income it requires from the Collection Fund to meet its net expenditure requirements.

POST BALANCE SHEET EVENTS – Those events, both favourable and unfavourable, which occur between the Balance Sheet date and the date on which the Statements of Accounts is signed by the responsible person.

PRECEPT – The amount that the Council is required to collect from council tax payers to fund another, non tax collecting Authority's expenditure. Precepts are issued by Norfolk County Council, Norfolk Police Authority, Breckland Council and Parish and Town Councils.

PRIVATE FINANCE INITIATIVE (PFI) – This is a procurement route established in 1995 and it is an important route for government spending on assets, as it transfers significant risks to the private sector.

PROVISION - An amount set aside in the accounts and charged to individual services for liabilities that are likely to be incurred in the future but cannot be accurately quantified.

RELATED PARTY TRANSACTIONS – Two or more parties are related when at any time during the financial period:

- One party has direct or indirect control of the other party
- The parties are subject to common control from the same source
- One party has influence over the financial and operational policies of the other party to an extent that the other party may be inhibited from pursuing its own interests

The parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own interests.

RELEVANCE – The information in the accounts is useful in assessing the Council's stewardship of public funds and performance.

RELIABILITY – The information in the accounts is complete, prudently prepared, reflects the substance of transactions and is free from deliberate or systematic bias or material error.

RESERVE - An amount set aside in the accounts for defraying particular expenditure in the future, e.g. Match Funding Reserve. Unlike provisions, transfers to and from reserves are not shown as part of the individual service costs.

REVENUE EXPENDITURE - The day-to-day running costs than an authority incurs in providing services (as opposed to capital expenditure).

REVENUE SUPPORT GRANT (RSG) - A general grant paid by the government and credited to the General fund to help finance local authority revenue expenditure.